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TODAY:  
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## Strike Is Settled as South Korean Automaker Backs Off on Job Cuts

The head of Hyundai Motor Co., Chung Mong Gyu, second from left, shaking hands Monday with the union leader, Kim Kwang Sik, in Ulsan. The automaker agreed to dismiss 277 workers, a fifth the number it sought to cut. Roh Moon Hym, a governing party lawmaker, left, and Labor Minister Lee Ki Ho, were present to help in the negotiations. Page 9.

## Restoration of Political Peace Tops New Agenda in Moscow

### An Overture To Communists

By Michael R. Gordon  
New York Times Service

MOSCOW — One day after he was restored to power, the acting prime minister, Viktor Chernomyrdin, promised Monday to forge a new working relationship with the Communist-dominated Parliament.

With Russia in the grips of an economic crisis and the nation reeling from

'Oligarchy' fights back. Page 9.



President Boris Yeltsin, right, and his choice for prime minister and successor, Viktor Chernomyrdin, meeting in the Kremlin on Monday.

## Arabs Urge UN Inquiry in Sudan Attack

By Howard Schneider  
Washington Post Service

CAIRO — The Arab League called Monday for a UN investigation of the Sudanese industrial plant that was destroyed by U.S. missiles last week to see if it manufactured pharmaceuticals, not compounds for chemical weapons.

In a unanimous declaration, approved at an emergency session requested and led by the Sudanese delegation to the group, it also condemned the U.S. missile strike as "an attack on Sudan's sovereignty."

"Let those who supported the operation understand that they should not underestimate the Arabs," said the Arab League's secretary-general, Esmat Abdel Meguid. "This is a warning for them. Arab nations can act and stand together

when necessary." Though largely symbolic, the statement by the 22-member organization added to the widespread criticism voiced in the Arab world after the missile strike against what U.S. officials concluded were terrorist sites in Sudan and Afghanistan.

In Afghanistan, U.S. missiles targeted what were thought to be training and planning bases operated by Osama bin Laden, a Saudi native and exile who has said that it is the duty of Muslims to kill Americans.

The strike in Sudan destroyed a plant that U.S. officials say made "precursor" chemicals for suspected use in chemical weapons.

[The United States said Monday that it would consider

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## The Hague Offered for Pan Am 103 Trial

### U.S. to Press Embargo If Libya Won't Accept

By Steven Erlanger  
New York Times Service

WASHINGTON — Secretary of State Madeleine Albright proposed Monday the creation of a Scottish court in the Netherlands to try two Libyans accused of blowing up Pan Am Flight 103 over Lockerbie, Scotland, a decade ago.

The plan to hold a trial in The Hague, but under Scottish law, was floated by the United States and Britain a month ago. It represents a turnaround for the administration, which had previously said that the Libyans would have to be tried in the United States or in Scotland for the December 1988 bombing, which killed 259 people on the plane and 11 others on the ground.

Mrs. Albright challenged Libya to accept the offer, describing it as a "take it or leave it proposition" for the Libyans and emphasizing that there was no room for negotiation. The proposal was expected to remain on the table for a reasonable but not indefinite period.

It is not clear that Libya will accept the American proposal, although it is close to an alternative the Libyans had proposed. There was no immediate reaction from Libya.



The Libyan intelligence agents Lamen Khalifa Fhimah, left, and Abdel Basset Ali Megrahi are suspects in the 1988 bombing of Pan Am Flight 103.

If Libya fails to deliver the suspects, a senior U.S. official said, the administration would press for a multilateral oil embargo on Tripoli. The official said Washington believed other countries would now be more willing to go along if Tripoli rejected the compromise.

In London, Foreign Secretary Robin Cook urged Libya to cooperate "quickly and without equivocation," and asked the United Nations to seek arrangements for the transfer of the accused men.

Mrs. Albright said Monday that the step "is fully consistent with UN Security Council resolutions, and has been suggested to us as a way to call the Libyan government's bluff and to bring the fugitives into court at long last."

"After consultations with the Netherlands, we have concluded that such a trial is indeed possible. Accordingly, we have decided to go forward with the trial of the two suspects before a Scottish

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## Gingrich Seeks Proof of Clinton 'Pattern'

By Dan Balz  
Washington Post Service

SANTA MARIA, California — Newt Gingrich, speaker of the House of Representatives, has said the House is likely to seek evidence from all aspects of Kenneth Starr's investigations — not just the results of the inquiry into President Bill Clinton's relationship with

pattern of felonies, not just "a single human mistake," could constitute grounds for an impeachment inquiry.

"I don't think the Congress could move forward only on Lewinsky unless he had such a clear case, such an overpowering case," Mr. Gingrich said, referring to Mr. Starr. "But I think we would be better served to know the whole story."

He added that the House Judiciary Committee would have "every right" to ask Mr. Starr for his findings on the White House controversy and other investigations

if the upcoming report to Congress was limited to the Lewinsky investigation, as some reports have indicated.

"All the independent counsel does is start the process," Mr. Gingrich said. "He doesn't define it."

The speaker, who is campaigning for House candidates, held out little prospect the question of launching an impeachment inquiry could be determined before the November elections.

Mr. Starr's report is expected to reach

See CLINTON, Page 3

## Suharto Relative Ousted As Military Cleans House

### Indonesian Army Forced Into Self-Examination

By Seth Mydans  
New York Times Service

JAKARTA — Pressing ahead with a risky housecleaning that has involved the exhumation of bodies and the investigation of high-ranking officers, the Indonesian military on Monday discharged a son-in-law of former President Suharto who has been implicated in the abduction and torture of political dissidents.

The officer, Lieutenant General Prabowo Subianto, is the former chief of the special forces, known as Kopassus, which gained a reputation for efficiency and brutality. As one of the most aggressive and feared leaders in Mr. Suharto's military, he symbolized for many people the repressive nature of the country's military control.

In announcing his discharge, the armed forces chief, General Wiranto, said General Prabowo, 47, could still face a court-martial as more evidence emerges about the abduction of more than two dozen dissidents earlier this year. At least 14 people are still missing and are feared dead. Human rights groups say General Prabowo could also be implicated in other acts of brutality,

including the instigation of riots, arson and rape in May.

The announcement on Monday drew criticism from a group representing the families of the missing dissidents, illustrating the public pressure and scrutiny that, for the first time in decades, has put the military, known by its Indonesian acronym as ABRI, on the defensive.

"With that decision, ABRI showed no willingness to substantially or institutionally correct its repressive policies, which includes the act of kidnapping," said the group's leader, Munir, who like many Indonesians uses only one name.

General Wiranto said his decision was made "without any pressure from any side or person and it is clearly in the interest of ABRI and that of the nation and the state." He said dismissal was already a harsh punishment for a high-ranking military officer.

Since Mr. Suharto was forced from office three months ago, the military has embarked on a painful and deep-running self-analysis, under the harsh eye of a newly liberated press.

See JAKARTA, Page 5

## Economic Woes Endanger Democrats' Hold on Hawaii

By Michael Janofsky  
New York Times Service

HONOLULU — For the last seven years, Hawaii has felt the winds of economic change blowing only one way across the Pacific Ocean.

While most of the country has prospered, enjoying job growth, state budget surpluses and contented citizenry — all to the benefit of many political incumbents facing re-election this year — Hawaii remains a stubborn exception.

Here, despite the spectacular vistas of ocean, mountains and lava fields that make tourism the backbone of the state economy, turmoil in Asian financial markets has rocked the island like an unrelenting hurricane, causing a sharp decline in investment, minimal growth in tourism, job loss and public pessimism.

The annual economic growth rate here in recent years has hovered around one-half of 1 percent, which pales beside a national rate that has reached as high as 3.9 percent.

In recent weeks, economists here have detected slight indications that the worst may have passed and that Hawaii could finally be turning a corner — much to the relief of Governor Benjamin Cayetano, the latest in an unbroken line of Democratic governors since Hawaii joined the union in 1959. When he was elected in 1994, he inherited the worst fiscal crisis in state history, and now that the budget has been balanced for two years, he is trumpeting his policies as a major reason to re-elect him in November.

But Mr. Cayetano, the state's first Filipino-American governor, may yet become just another victim of the Asian crisis.

As if the stars over Hawaii's sparkling beaches and pristine waters have suddenly realigned, a Republican, Mayor Linda Lingle of Maui, is favored to defeat him in November, according to the latest statewide polls. How startling is that? Among the 76 members of the state Legislature, only 14 are Republicans, and across Hawaii, Republicans are outnumbered by such a wide margin that some say they are embarrassed or reluctant to admit their affiliation.

Nonetheless, the enduring sluggish economy seems to be pushing many people beyond a point where party loyalty determines their vote. After four decades of Democratic rule, the state's 1.2 million people might finally be in for a change.

"There is a growing sense here that Hawaii has

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## AGENDA

### 8 Climbers Die On Icy Mont Blanc

LYON (AP) — Eight climbers have died in falls on Mont Blanc in the past two days, after rain left much of Europe's highest mountain dangerously icy.

A German father and son fell several hundred meters to their deaths Monday after a Hungarian climber suffered a fatal fall in the same area Sunday.

A rescue helicopter sighted three other bodies, believed to be those of three missing Italian climbers.

A French man and woman also died in separate accidents.

### Burma Standoff

The Burmese opposition leader, Daw Aung San Suu Kyi, returned to her home in Rangoon after having spent 13 days in her car as soldiers blocked her from meeting supporters. But her standoff with the military continued as she pressed for the convening of the Parliament that was elected in 1991 but was never allowed to take office. Page 5.

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The IHT on-line www.ihl.com

The Dollar		
New York	Monday @ 4 P.M.	previous close
DM	1.7963	1.7976
Yen	143.78	144.775
FF	6.0175	6.0266
Pound	1.6403	1.6365

The Dow		
	Monday close	percent change
+32.96	8,566.61	+0.39%
S&P 500		
+6.85	1,088.13	+0.64%
Nasdaq		
-6.85	1,790.76	-0.38%

Newsstand Prices	
Bahrain	1,000 BD
Cyprus	€ 1.00
Denmark	14.00 DK
Finland	12.00 FM
Gibraltar	€ 0.85
Great Britain	€ 0.90
Egypt	£ 5.50
Jordan	1,250 JD
Kenya	£ 84.180
Kuwait	700 KD









## THE AMERICAS

## The Legalistic Contours of Clinton's Perjury Defense Begin to Emerge

By Peter Baker, Ruth Marcus and Susan Schmidt  
Washington Post Service

WASHINGTON — In January, he said he did not remember being alone with her and never had an affair with her. Last week, he said they had a half-dozen sexual encounters.

In January, he did not recall any specific gifts she gave her. Last week, he named at least three he presented just after Christmas.

In January, he was not sure he talked with her about testifying other than making a joke about it. Last week, he said they discussed how to respond to a subpoena.

President Bill Clinton, famed for a razor-sharp political memory, was uncharacteristically forgetful when he was questioned under oath in the Paula Jones civil case this winter about his relationship with Monica Lewinsky. Seven months later, forced to justify those answers during unprecedented testimony in a grand jury criminal investigation by the independent counsel, Kenneth Starr, the president's memory improved.

But in those vague and what Mr. Clinton now admits were misleading answers in January lie the contours of his defense against accusations of per-

jury and obstruction of justice. The bottom line, according to some advisers, is this: Yes, he deceived, obfuscated and evaded. No, he was not forthcoming or fully truthful. But technically, they maintain, he did not lie. And even if he did, it should not matter legally because it was an irrelevant line of questioning in an illegitimate lawsuit that was eventually thrown out of court.

As details continue to emerge about his account following the questioning last week, presidential advisers acknowledge that they are beginning to shape a Clinton defense strategy that relies heavily on nuance, ambiguity and intent.

"What everybody is doing is looking for defenses," said one lawyer close to the Clinton team.

With the independent counsel writing a report to the House of Representatives on possible impeachable offenses, what is known of the evidence against Mr. Clinton so far turns largely on what was said in private conversations, statements that his defenders argue are open to interpretation or, at worst, amount to he-said-she-said disputes. To allies, Mr. Clinton's testimony in the Jones case was so fuzzy that it amounted to what one called legal "Jello."

Beyond words, the most tangible elements of a possible obstruction case are

the retrieval of presidential gifts from Ms. Lewinsky to avoid a Jones subpoena last December and the job search instigated on her behalf by Clinton associates at the same time she was considering how to testify in the Jones case. In both instances, the president's advisers maintain that there is no solid evidence of illegal involvement by Mr. Clinton.

Mr. Clinton insisted last week that his answers during the Jan. 17 deposition were "legally accurate," resting on the semantic argument that the definition of "sexual relations" used in the Jones case did not include oral sex.

Even if that were accepted and even if he could somehow explain Ms. Lewinsky's testimony that they also fondled each other in ways that would be covered by the definition, the president's admission that they engaged in sexual activities could expose him to possible perjury and land mines in other areas of the deposition as well.

For example, regardless of whether their sexual relationship fit the Jones definition, how could he have testified in January that he had "no specific recollection" of ever being alone with Ms. Lewinsky in the White House? And having now recalled giving her an Alaskan stone carving, a throw rug and a pin three days after Christmas last year,

how could he have testified just three weeks later that "I don't remember a specific gift"?

To constitute perjury, the person making the statement must know it is false and it must be "material" to the case at hand — that is, capable of influencing the proceeding in which it was made. Statements that are evasive and misleading do not constitute perjury as long as they are technically true; courts have said it is up to lawyers to make their questions precise.

Defenders of the president argue that any misstatements did not constitute perjury because they were not material to the Jones lawsuit. A federal judge, concluding that Ms. Lewinsky was not central to the case, later excluded any additional evidence about her from being collected to avoid interfering with Mr. Starr's investigation, and eventually dismissed the lawsuit entirely.

"While you may say he wasn't candid about what went on in the Paula Jones deposition, it still comes back to the fact that it wasn't material to the Paula Jones case," said a lawyer close to the Clinton camp. "It may not have been the most candid version, but it wasn't perjury."

Some courts have held that materiality of a statement is judged at the time it is made, not in light of later

events. The federal appeals court here generally has applied a low threshold for judging what statements are material. Moreover, the materiality argument would not apply if Mr. Starr were to conclude that Mr. Clinton committed perjury during his grand jury testimony last week.

Mr. Starr's investigators have focused increasingly on gifts Mr. Clinton gave Ms. Lewinsky, including a T-shirt, pin and book of poetry, and how they were handled during the Jones lawsuit. In their private deliberations, Clinton advisers appear most concerned about the gifts because they might provide the most concrete evidence of impeding the Jones legal team.

"The obstruction or concealment of materials that have already been subpoenaed and are known to be under subpoena is one of the classic cases of obstruction of justice," said Gerard Lynch, a law professor at Columbia University.

In their testimony, Mr. Clinton and Ms. Lewinsky agreed that they discussed the gifts and how to respond to a subpoena to turn them over to Mrs. Jones's lawyers. According to sources familiar with their accounts, the president testified that he had told her she had to turn over what she had, while she testified that she had heard him say she

did not have to turn over anything that was not in her possession.

Shortly after their conversation, Ms. Lewinsky reportedly testified, Mr. Clinton's personal secretary, Betty Currie, contacted her, saying she understood that the young woman had something for her, and went to Ms. Lewinsky's Watergate apartment to collect the gifts.

"Retrieving gifts from somebody is a very unusual thing to do and it's hard to imagine what innocent explanation of that could be offered," said Bradford Berenson, a Washington criminal defense lawyer. "If the president instructed that evidence be hidden so that the Jones lawyers would not get their hands on it, he's committed a very serious felony."

Mr. Clinton denied during his testimony that he had ordered Mrs. Currie to retrieve the gifts and said during his televised speech to the nation that he had never asked anyone "to hide or destroy evidence." It remained unclear, though, how Mrs. Currie came to approach Ms. Lewinsky to collect the gifts if she was not told to by the president.

The president's defense again comes down to interpretation and intent. If Ms. Lewinsky misconstrued him, his defenders argue, then the president cannot be blamed because he did not mean to encourage any obstruction.



IT'S NO LOCK — With polls showing a dead heat, workers urge the re-election of President Ernesto Perez Balladares in Panama.

## AMERICAN TOPICS

## Whose Little Lamb Are You?

The words have been flying fast and angry between two small towns in New Hampshire, both of which lay claim to a famous little lamb whose fleece was white as snow.

The residents of both Sterling and Newport say history supports their conflicting claims to have originated the ditty that begins "Mary had a little lamb," the impassioned tale of a lovely schoolgirl and the anguish she encounters when she daintily bends the rules one day and allows her pet to follow her to school.

People in both towns "actually get red in the face" over Mary, a local historian told *The Boston Globe*.

According to Sterling's official town history, the Mary in question was one Mary Sawyer, born in that town in 1806, and the poem came from the pen of a young boy, John Roulstone, who witnessed the lamb-driven events one day when Mary was 9.

The auto magnate Henry Ford was so convinced that this version was correct that he purchased the schoolhouse that was the site of Mary's "crime" and moved it to a nearby inn he owned. A statue of the lamb stands in the town common.

That version is disputed by residents of Newport.

A distinguished poet native to that town, Sarah Josepha Hale, actually published the poem in 1830, they say. She later signed a sworn document confirming that the story was her invention. Hale, incidentally, later led the cam-

paign to make Thanksgiving a national holiday. So, who owns bragging rights to the lamb, Sterling or Newport?

Perhaps neither. Area scholars, working on a definitive history, have tracked down a nearly identical British version of the poem, predating Hale's, about a "Lucy" and her little lamb. Now, some involved in the debate are feeling a little sheepish.

## Short Takes

Some school boards are considering banning hand-held laser pointers. The devices, discreetly palmed, can focus a small red dot of light on people's clothing, movie screens — and schoolroom blackboards. "Dotting" has angered or irritated some of its victims, and left others, particularly police officers, momentarily fearful. Since it resembles the dot from a laser gun sight, in New York, more than 60 laser-beamers have been arrested this year on misdemeanor charges of "menacing." Doctors say the beam, if trained directly on the eye for several seconds, can damage it.

On sidewalks and boardwalks in many California towns, cyclists and in-line skaters risk being ticketed if they exceed posted speed limits of 5 to 15 miles an hour (8 to 24 kilometers an hour). Some locals scoff at the laws, saying the police should be paying more attention to gang problems or drug use. One Newport Beach woman contested her ticket, saying there was no way for a skater to judge her speed. Authorities, however, say serious accidents have resulted from collisions between skaters, cyclists and pedestrians, leading to broken bones and even skull fractures.

Brian Knowlton

## POLITICAL NOTES

## Court Bars Census Sampling

WASHINGTON — A U.S. District Court dealt the Clinton administration a major defeat Monday, ruling that the U.S. Census Bureau may not use statistical sampling in compiling a national head count for the 2000 census.

The special three-judge panel unanimously sided with House of Representatives Republicans, who filed a lawsuit challenging the Census Bureau sampling plan to produce the population figures, which are used to draw political boundaries.

The Census Bureau argued that it could produce the most accurate numbers by combining its traditional head-counting methods with a statistical sample, a process that most likely would add population to cities and other areas that tend to vote Democratic.

"This court finds that the use of statistical sampling to determine the population for purposes of the apportionment of representatives in Congress among the states violates the Census Act," Judge Royce Lamberth of the District Court said.

(Reuters)

## Ashcroft Gearing Up to Run

WASHINGTON — Senator John Ashcroft of Missouri, an undeclared candidate for the Republican presidential nomination in 2000, will issue a national economic plan this week that calls for big tax cuts, a reduction in the size of government and a 30-year plan to eliminate the national debt.

Mr. Ashcroft's blueprint is another indication of how rapidly the Republican nomination fight is developing. Lamar Alexander, the former governor of Tennessee, has been running television ads this month promoting his plan for a tax code that reflects "the values of parents raising children." Steve Forbes, the magazine publisher, has aired ads for months. Dan Quayle, the former vice president, and Gary Bauer of the Family Research Council have put organizers into Iowa and New Hampshire.

Mr. Ashcroft will promote his program with \$175,000 worth of television advertising in Iowa, site of the nation's first presidential caucuses. Having already made inroads among some social conservatives in the party, Mr. Ashcroft plans to use the plan to reach out to economic conservatives.

The senator said his program is designed to address the country's needs in an era of budgetary surpluses and an information-age economy and to promote the values of marriage and family.

(WP)

## That Was Then, and This Is Now

EDGARTOWN, Massachusetts — A year ago this week, President Bill Clinton was visibly enjoying himself on picturesque Martha's Vineyard island — with a seemingly endless diet of golfing, jogging, party-going and even sailing. He and his wife, Hillary, were everywhere, smiling broadly, obviously having fun.

This year, the setting is the same, but both the mood and the Clintons' visibility are dramatically altered. Apart from his sudden one-day return to Washington following the U.S. missile strikes against alleged terrorist bases in Afghanistan and Sudan, the president has essentially been staying at home.

Except for a small, private dinner the Clintons attended Saturday night, they have been nowhere to be seen. The White House press secretary, Michael McCurry, had made clear from the beginning that one of the things the president hoped to accomplish during his two-week stay here — shortened from the three weeks he spent last year — was to bring about some "healing" in his marriage and his family relations.

That effort was derailed Thursday and Friday by the missile strikes, but Mr. McCurry said over the weekend that the president was once again back to "working on" it. "They are doing that in private," he added. "I'm not going to give you a play-by-play account."

(LAT)

## Away From Politics

Highway deaths linked to drunken driving fell to a record-low proportion last year, but still accounted for more than a third of all fatalities. There were 16,189 alcohol-related traffic deaths in 1997, or 38.6 percent of the total, the Transportation Department said. That was a decrease of about 1,000 deaths from 1996, when drunken driving was responsible for 40.9 percent of the 42,065 fatalities.

(AP)

The Food and Drug Administration has approved a revolutionary treatment for the debilitating bowel disorder Crohn's disease. The cure is a biologically engineered antibody that attacks a protein responsible for much of the patients' misery. Centocor Inc.'s infliximab is a part-human, part-mouse antibody, to be sold under the name Remicade.

(AP)

A woman was arrested on suspicion of attempted murder after she was found at a post office with more than 100 envelopes containing bags of deadly sodium cyanide disguised as nutritional supplements. Kathryn Schoonover was arrested in Marina del Rey, southwest of Los Angeles. The envelopes were addressed to people across Southern California and as far away as New York.

(AP)

Less than a day before he was to be married, a 20-year-old man from Wantage Township, New Jersey, was killed in a highway crash as his bride to be followed in a separate car. Andrew Robjohns was on his way home from decorating the wedding hall when he lost control of his vehicle.

(AP)

A performance artist who set himself afire in New York City as part of his act at a tattoo parlor accidentally ignited a piece of stage equipment and sent it tumbling. The performer, Karl Edwards of Manhattan and three people in the audience suffered first-degree and second-degree burns.

(AP)

A pontoon-boat water taxi capsized as it crossed the Hudson River near Nyack, New York, with 28 people on board, and an 81-year-old man drowned. The boat was shuttling people between restaurants on opposite banks when the accident happened. The boat hit a strong current that sent water splashing over the bow and the captain ordered several people to move to the stern. Then the bow rose out of the water and the craft flipped.

(AP)

A leader of a Sikh temple opened fire after a prayer service in Fort Lauderdale, Florida, killing a man, wounding two others and taking his own life in an apparent dispute over whether to allow chairs in a worship area for the elderly and disabled.

(AP)

## HAWAII: State's Economic Woes Portend a Political Tidal Wave of Change

Continued from Page 1

become a little like the old Soviet Union or North Korea with its centralized, absolute power," said Randy Roth, a law professor at the University of Hawaii here on the island of Oahu and president-elect of the state bar association. "Monopoly of political power has cut off all debate, and that has evolved into the political culture."

Mr. Roth, whose nonpartisanship allowed him to moderate a local radio talk show for five years, became so impressed with Ms. Lingle that he abandoned his neutrality last week to endorse her and join the campaign as a volunteer.

Economic policy and one-party rule were never major concerns in Hawaii until the collapse of the yen in the early 1990s ended years of heavy investment by Japanese banks.

"This was a boom period, and government wanted to stay in control," said Seija Naya, a former bank economist who is now director of the state's Department of Business, Economic Development and Tourism. "They added more regulations, charged more fees and made it harder for businesses to receive approvals."

The Japanese investors barely noticed. Then the bubble burst, and recession set in.

Since 1991, many hotels and

businesses built with Japanese money have sold for far less than their original cost. And no longer do Asian investors knock on doors of fancy homes and offer the owner \$1 million or more to sell on the spot, as they once did.

The Asian withdrawal overshadowed other disturbing developments. Production of sugar and pineapple, once staples of the state economy, has been falling for decades as the Philippines and Caribbean nations produce them more cheaply. Only a few plantations are still operating, and the number of agricultural jobs in the state decreased by 36 percent to 7,200 last year from 11,300 in 1982.

The federal government also

hurt the state economy, largely through the reduction of personnel at the state's military bases. The overall number of federal employees in Hawaii has fallen by almost a quarter, to 74,119 in 1996 from a high of 97,853 in 1988.

Mr. Cayetano, 57, a lawyer and former state legislator, has worked hard to blunt the impact of the Asian crisis.

In an interview at the Capitol last week, he recited a long list of accomplishments, saying he has reduced the size of government by 500 people, cut the state's personal income tax for the first time, increased spending on marketing efforts to attract visitors to islands other than Oahu, and created novel incentives like eliminating landing fees for airlines to attract new carriers to the state.

"We have made some hard decisions that have hurt us politically," he said. "But that's the way it is."

Ever so slowly, his policies are beginning to help nudge the state forward again. Tourism from the mainland is rebounding, compensating for Asian visitors who are staying fewer days and spending less money. Unemployment is starting to drop. New small businesses are opening. An embryonic high-technology industry is emerging.

But those changes have done little to dampen growing support for Ms. Lingle, who is attracting people in both parties who say that Mr. Cayetano and the Legislature have done too little too late to make any meaningful recovery possible.

Ms. Lingle, 44, a native of St. Louis who came to Hawaii in 1976 as a journalist, has been the mayor of Maui for the last eight years. Her opponent in the Sept. 19 primary, Frank Fasi, a former mayor of Honolulu, is not viewed as a serious threat.

In part because her island is favored as a vacation spot more by Americans than Japanese, Maui has resisted much of Hawaii's economic downturn. The number of jobs on Maui has increased in five of the last six years, enabling Ms. Lingle to sharpen her attack on Democratic policies that have not done more to help the state economy.

"This is a turning point in our history," she told a rally of about 600 voters last week at a high school in a middle-class suburb east of Honolulu. "It's time for a change, and change is about joining the other 49 states with economic revitalization that is taking place all across the country."

## Officials Bemoan Scandal-Fostered Drift

By Robert Pear and Lizette Alvarez  
New York Times Service

WASHINGTON — When President Bill Clinton began his speech acknowledging a relationship with Monica Lewinsky, many federal officials were hoping it would put an end to the distractions and malaise that have affected much of the work of government of the last seven months.

Instead, policy makers working on issues like housing and health care, AIDS and international problems said they had experienced a kind of collective shudder.

A few felt personally offended by the president's unsavory relationship with Ms. Lewinsky, who had been a 21-year-old intern at the White House and whose link to the president was made irrefutable by his admission.

But most simply expressed profound disappointment, more professional than personal. Their faith shaken, many of these officials said they now faced a potential sustained fallout that threatened to weak-

en not just Mr. Clinton's legacy but his administration's muscle.

Christopher Jennings, a White House aide who coordinates health policy for the president, said he had a sense of "lost opportunities and missed opportunities."

"We're frustrated that this has distracted from our ability to push his agenda," he said. "We are disappointed in him for contributing to his problems in this area."

For an administration characterized by its relative youth and verve, the presidential speech Aug. 17, with its blend of confession and defiance, seemed to exhaust and bewilder. "Everyone here is best described as sort of numb, and dismayed," Mr. Jennings said.

"Months and months have been wasted," said Ezekiel Emanuel, the chief bioethics officer at the National Institutes of Health.

He added that there has been "a lot of drift" since the first accusations of sex and lies in the White House.

## CLINTON: Gingrich Says Report Must Have Wide Base

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Congress sometime in September.

Mr. Gingrich said the Judiciary Committee, under the chairmanship of Representative Henry Hyde, Republican of Illinois, must carefully review Mr. Starr's findings in private before reaching any conclusion on recommending a formal impeachment proceeding.

"I'm not at all sure you can get to that this year," Mr. Gingrich said. "And I'm not at all sure that it's a smart idea to try to get to that this year."

Mr. Gingrich said the House should move cautiously as it makes any decision about an impeachment inquiry because of the turmoil it could cause in the country.

Public opinion surveys show that a strong majority of Americans are opposed to impeaching the president — even if they believe he lied under oath about his relationship with Ms. Lewinsky. "It's not that they're tolerant," Mr. Gingrich said. "It's that they have a very wise sense that once you start down that road, it's very complex."

But Mr. Gingrich said he does not believe what happened in the Lewinsky case occurred in a vacuum. "I think the Lewinsky investigation by itself would never have existed," he said. "If you didn't have three and a half years of prior investigation."

Noting that it was Attorney General Janet Reno who expanded Mr. Starr's authority to take on the

Lewinsky issue, he added: "So the question you have to ask is yourself is, what is it that Reno was informed of that convinced her that this was significant?"

Mr. Gingrich said again that his plan was to turn the Starr report over to Mr. Hyde once it was submitted and House rules were changed to protect the secrecy of the evidence.

The speaker said he believed the report's executive summary, which he said could be the length of a book, "will probably be available" to the public.

But Mr. Gingrich stressed that the accompanying evidence, which he said could fill many boxes — "just an amazing amount of material" — would be kept secret.



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## INTERNATIONAL

## Sudanese Leader Believes Bin Laden Will Strike Back at U.S.

By Jane Perlez  
New York Times Service

KHARTOUM, Sudan — The man who is the driving force of the Islamic regime that gave Osama bin Laden refuge here for two years said Sunday that he believed Mr. bin Laden would try to retaliate against the United States.

"When you start fortifying your embassies it becomes very attractive — the Americans have made themselves very attractive targets," Hassan Turabi, a Sorbonne-educated intellectual who agrees with much of the militant Mr. bin Laden's view of the world, said in an interview. "Probably, he would try to mobilize friends — ex-Afghan fighters from Arab countries — and try to hit back against the Americans. Anywhere."

The United States last week attacked sites in Sudan and Afghanistan that it

believes are financed by Mr. bin Laden, a wealthy Saudi believed to be linked to the bombing attacks on the U.S. embassies in Kenya and Tanzania.

Mr. Turabi, the speaker of Parliament and ideological power behind the governing National Islamic Front, is accused by U.S. intelligence officials of having an important political and financial relationship with Mr. bin Laden.

Like other officials in the Sudanese government, Mr. Turabi dismissed the U.S. contention that a pharmaceutical factory here was financed by Mr. bin Laden and served as a cover for the manufacture of a precursor for nerve gas.

In a line of argument used by officials of his government since the U.S. missile attacks, Mr. Turabi branded the United States a "terrorist" nation for its attack and accused it of "hating Islam."

Mr. Turabi, who serves tea to guests in floral china cups but is about as vocal in his contempt for the United States as Mr. bin Laden, claimed to have met Mr. bin Laden "only once or twice" in Sudan. He said he had not been in contact with Mr. bin Laden since he was asked to leave here in 1996.

But he seemed to know Mr. bin Laden well enough to describe him as having a "belligerent" temperament and being a man of few words and "a fighter."

He insisted that Mr. bin Laden was not involved in training Islamic fighters at camps in Sudan, as the Americans have maintained, but acknowledged that he had been asked to leave Sudan because of pressure from Saudi Arabia.

In an apparent effort to clean up its reputation as a harbinger of terrorists, the Sudanese government accepted to requests from the United States and Bri-

tain, as well as the Saudis, that Mr. bin Laden depart. Mr. bin Laden had been exiled from his Saudi homeland in 1994 after calling for a holy war against the government. He is a suspect in the bombing of two U.S. military installations in Saudi Arabia that killed 24 Americans in 1995 and 1996.

Mr. Turabi, a lawyer who masterminded a military coup here in 1989, described retaliation by Mr. bin Laden against the United States as entirely justified. "You respond as violently as the violence," he said.

According to one estimate here, it was likely that Mr. bin Laden brought as much as \$500 million to Sudan when he came in 1994. One of his most important contributions was a \$300 million credit line, a well-informed academic said.

Mr. bin Laden's construction com-

pany built a new road from Khartoum to a halfway point to Port Sudan, but it is unclear whether he divested himself of his business interest here when he left Sudan.

During his two years in Khartoum, Mr. bin Laden lived in a newly built, large and comfortable two-story brick-and-stone house with a tiled roof in the well-to-do neighborhood of Riyadh.

A neighbor, a retired diplomat who spoke on the condition of anonymity, said that Mr. bin Laden was punctilious about attending the nearby dim-colored mosque with a turquoise minaret five times a day for prayer. He arrived in Sudan with four wives, the neighbor said, all of whom dressed in the most conservative black Islamic robes that covered their entire faces. The family had about 10 children, with the eldest boy about 18, the neighbor said.

## BRIEFLY

## Boesak Denies Charges of Fraud

CAPE TOWN — Allan Boesak, once a prominent figure in the struggle against white-minority rule in South Africa, pleaded not guilty Monday to charges that he stole money intended for the anti-apartheid cause.

At the start of a trial expected to last at least three months, Mr. Boesak sat impassively as the state prosecutor, J. C. Gerber, read out 32 charges of fraud and theft totaling nearly 1.1 million rand, which at the time was the equivalent of about \$300,000.

Mr. Boesak, a former minister who once headed the World Alliance of Reformed Churches, is accused of stealing cash from the Foundation for Peace and Justice, which he operated from 1988 to 1994. Donations came from the American pop singer Paul Simon, the Coca-Cola Foundation, Scandinavian aid agencies, and others.

Freddie Steenkamp, Mr. Boesak's bookkeeper at the foundation, was sentenced last year to six years in prison after pleading guilty to embezzlement. During his trial, Mr. Steenkamp testified that he was only following Mr. Boesak's example. Mr. Boesak has paid back some of the missing money. (AP)

## Israel Said to Ease Pullout Condition

JERUSALEM — Israel has softened its position on a key condition for withdrawing from more land in the West Bank, an Israeli official said Monday.

According to the official, who asked not to be identified, Israel told U.S. negotiators that it would now agree to start the withdrawal process without a new meeting of the 545-member Palestine National Council.

Prime Minister Benjamin Netanyahu has demanded that the council be reconvened to remove ambiguity about whether it had canceled clauses in the Palestine Liberation Organization's founding charter that call for Israel's destruction. The official said Israel was now willing to accept a statement from the P.L.O. executive committee as a condition for starting the withdrawal as long as a date for reconvening the council came within the four-month period of pullouts. (AP)

## Drug Suspect Held By Colombia Police

BOGOTA — An Israeli implicated in an attempt to ship three tons of cocaine to Russia in 1993 has been arrested near here with a false Belgian passport, Colombian security authorities said.

The suspect, Avi Salach, was captured Saturday night after a five-year manhunt by Colombian and Israeli police and Interpol, the international police agency, Colombia's domestic security agency announced.

Another Israeli, Elias Cohen, was arrested when the cocaine was seized before it left Colombia and he is serving a prison term in Bogota, the agency said. (AP)

## Sample From Sudan Plant Said to Link It to Weapons

Officials Say U.S. Obtained Critical Chemical

By Steven Lee Myers  
New York Times Service

WASHINGTON — Facing questions about the U.S. missile attack on a pharmaceutical plant in Sudan, the Clinton administration has offered more details linking the factory to the production of chemical weapons.

Two administration officials, speaking on condition of anonymity, said that in the weeks leading up to the strike Thursday, the United States had obtained a sample of a critical chemical used in the making of VX, a deadly nerve agent.

The administration has so far declined to lay out its evidence publicly except to say there was "physical evidence" of the precursor chemical at the factory.

The officials declined to name the chemical, which the administration has classified, but they said it had no other known use that would explain its presence in the plant.

The United States struck the plant, in an industrial area of the Sudanese capital, Khartoum, and a paramilitary training camp in Afghanistan with simultaneous barrages of about 75 cruise missiles. President Bill Clinton and his aides have said the attack was conducted to punish Osama bin Laden, a Saudi exile whom the United States has accused of sponsoring terrorist attacks, including the bombings of the U.S. embassies in Kenya and Tanzania on Aug. 7.

The Sudanese government has insisted that the pharmaceutical factory was a benign commercial venture and called on the United Nations to investigate the U.S. strike. On Sunday, government officials took the chief U.N. representative in Sudan, Phillip Borel, on a tour of the debris from the factory.

The factory was obliterated by the strike, which one U.S. official said was designed to make the building fall in on itself, limiting the chance of toxins' escaping into the air.

People who toured the area afterward were able to see pharmaceutical products in the debris.

Officials of the Clinton administration do not dispute that the factory might have had commercial purposes. The president's national security adviser, Samuel Berger, said Sunday on CNN television that it would not be readily apparent from the debris that production of a VX precursor had been under way.

But he said, "There is no question in our mind that facility, that factory, was used to produce a chemical that is used in the manufacture of VX nerve gas and has no other commercial distribution as far as we understand."

"We have physical evidence of that fact," Mr. Berger said, "and very, very little doubt of it."

Although the administration says the precursor has no other use than the making of VX, it does not appear on the list of chemicals covered under the international treaty banning chemical weapons, said another administration official, who, like the others, spoke on condition of anonymity.

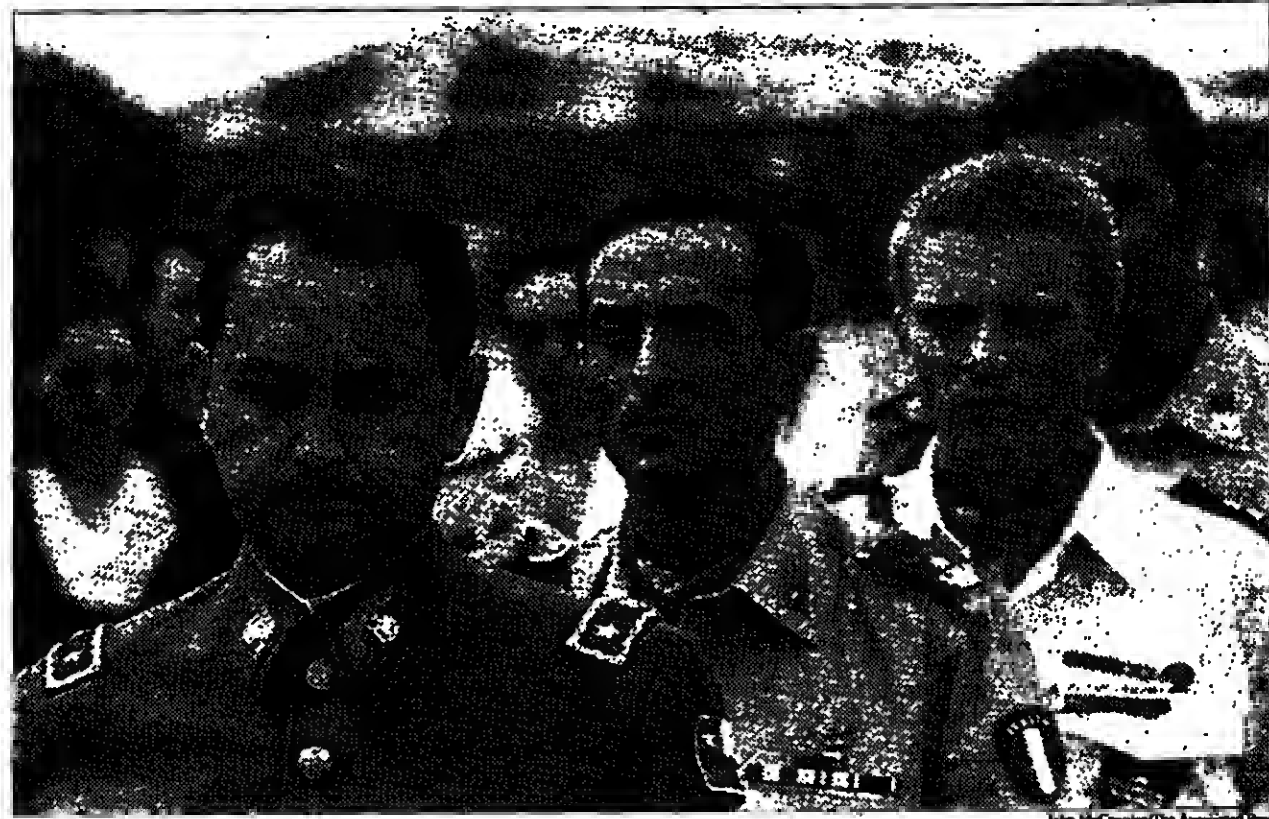
There are different ways to make VX and dozens of chemical precursors that could be used, many of them with other, benign uses.

Amy Smithson of the Henry L. Stimson Center, an arms research organization in Washington, said it would not take a large amount of precursor chemicals — or space — to make a weapon. But a factory would have to have special glass-lined reactors and tubes that would resist corrosion by highly toxic chemicals, she said.

"If this pharmaceutical facility had corrosion-resistant equipment," she said, "it would be possible to mask small quantities of chemical agents."

The connection between the factory and Mr. bin Laden is also unclear. On the day of the attack, Secretary of Defense William Cohen said Mr. bin Laden "had some financial interest in contributing to this particular facility."

But officials who spoke on condition of anonymity said the link was not that direct. The plant, they said, was built by a state-run entity called the Military Industrial Complex, and it is to that entity that Mr. bin Laden has connections, not to the factory itself.



Grim-faced UN military observers in Islamabad, Pakistan, as they carried the coffin of Lieutenant Colonel Carmine Calo, who was killed Friday in Afghanistan after the U.S. air strikes. The body was flown home to Italy.



Stanley Matuma, 15, who suffered severe eye injuries when the U.S. Embassy in Nairobi was bombed, arriving Monday in London for treatment at a hospital there.

## Wayward U.S. Missile Landed In Pakistan, Islamabad Says

ISLAMABAD, Pakistan — Pakistan is lodging a complaint with the UN Security Council after confirming that a U.S. missile aimed at neighboring Afghanistan landed by mistake on its territory, the Foreign Ministry said Monday.

The discovery over the weekend of an unexploded missile supported Pakistan's presumption that the United States violated its airspace to attack a neighbor, the ministry statement said.

Local officials who spoke on condition of anonymity said the missile was found in a remote area Sunday and handed over to the military the same day, four days after U.S. missiles struck a suspected militant training camp in neighboring Afghanistan. They said the missile fell in Kharan, about 600 kilometers (375 miles) south of the U.S. target near Khost, Afghanistan.

No injuries or damage were reported.

"The government of Pakistan had informed us about this and we are looking into it," said Richard Hoagland, a U.S. Embassy spokesman.

The government earlier had to retract a similar report that a U.S. missile fired at Afghanistan had landed in Pakistan and killed several people. Pakistan dismissed its intelligence chief, Manzoor Ahmed, for passing on the false report to the prime minister.

The United States fired 73 Tomahawk missiles at six targets in a camp in eastern Afghanistan linked to the Saudi dissident Osama bin Laden. Mr. bin Laden is accused of directing worldwide terror attacks from Afghanistan, including the Aug. 7 bombings of two U.S. embassies in East Africa that killed a total of 257 people.

## ARABS: League Calls for UN Investigation of U.S. Bombing Raid on Sudanese Factory

Continued from Page 1

cooperating with a formal United Nations investigation of its attack in Sudan, Reuters reported.

"We acted fully consistent with international law and U.S. law, but if we receive any notice of any formal inquiry we'll certainly consider it," Michael McCurry, the White House spokesman, said on the Massachusetts island of Martha's Vineyard, where President Bill Clinton is on vacation.

[But at the United Nations in New York, a U.S. envoy, A. Peter Burleigh, said: "I don't see what the purpose of the fact-finding study would be. There is no doubt about the credibility of the evidence the U.S. government has."]

The raid enraged public opinion in Sudan and led to calls by Sudanese officials for an independent agent — whether the United Nations or former President Jimmy Carter of the United

States — to analyze the destroyed factory and prove their assertion that it was only a factory for veterinary and other pharmaceuticals.

In a news conference Monday, President Omar Hassan Ahmad Bashir of Sudan contended that the strike was planned on the basis of bad information given to the United States by Sudanese opposition groups.

Since the attack, he said, Sudan has been indirectly approached by the United States, with offers to begin cooperating on security issues.

Washington accused Sudan of harboring terrorists, including Mr. bin Laden, before the country asked him to leave in 1996.

Quickly condemned by such militant governments as Libya and Iraq, the U.S. raids drew a slower and more neutral response from such Middle Eastern countries as Egypt and Saudi Arabia, which are more closely allied to the

United States and which have been battling terrorism internally.

In its first public statement on the U.S. strikes, the government of Saudi Arabia did not specifically condemn the action but said it was "prompted to stress the need" for fighting terrorism through such channels as the United Nations.

## Pledge to Taliban Reported

Mr. bin Laden has promised not to threaten the United States or any other country while he is in Afghanistan, the Taliban leader, Mohammed Omar, was quoted Monday as having said, according to Agency France-Press.

The Afghan Islamic Press quoted Mullah Omar as having said that Mr. bin Laden made the pledge after the Taliban leader voiced displeasure Sunday over reported threats against the United States following its missile attacks.

"We asked him to refrain from such activities, and Osama bin Laden has ac-

cepted our advice and promised to abide by it," the agency, based in Pakistan, quoted Mullah Omar as having said.

He added that Mr. bin Laden had been clearly told before not to engage in any political or military activities from Afghan soil. His "threatening statements" following the U.S. attack were a violation of that commitment, Mullah Omar said, speaking from the headquarters of the Islamic militia at Kandahar in southern Afghanistan.

But the chief U.S. delegate to the United Nations cast doubt on the Taliban commitment.

"We're a little doubtful that's the case," Bill Richardson told CNN.

"I went to Afghanistan to talk to the Taliban some months ago to try to get them to extradite bin Laden at the very least, and not let him engage in political or terrorist activities," he said. "Needless to say the Taliban didn't fulfill that commitment."

## LIBYA: U.S. Offers a Compromise on Trial

Continued from Page 1

court, with Scottish judges applying Scottish law," she said.

If the two suspects surrender and are convicted, they would face up to 30 years in prison, to be served in Scotland.

The administration arranged a conference call Monday from Mrs. Albright and the national security adviser, Samuel Berger, to relatives of the victims to tell them of the decision, officials said.

U.S. officials said the proposal seemed a reasonable compromise. The Libyan leader, Moammar Gadhafi, has been campaigning to lift the UN economic sanctions imposed on Tripoli because of its refusal to hand over the two men, both Libyan intelligence agents, for trial. Colonel Gadhafi has proposed that the men be tried under Scottish law, though not in Scotland, by a panel of international judges, and he wants sanctions lifted once a trial begins.

U.S. officials insisted that the idea of Scottish judges in a trial under Scottish rules was "nonnegotiable," and said holding it in The Hague mattered less. If

Colonel Gadhafi refused the offer, one official said, sanctions would remain.

But the relatives of some victims expressed concern that the administration would weaken its conditions. Susan and Daniel Cohen of New Jersey, whose only child, Theodore, then 20, died in the bombing, oppose a compromise and said they were skeptical that the administration would keep its word.

"This compromise is a slippery slope," Mr. Cohen said, "and any terrorist could now say, 'I don't want to be tried in the U.S., I want to be tried in Bosnia or wherever.'"

Mrs. Cohen said that with British corporate pressure high to resume business with Libya, "I have the terrible feeling we're being hustled here" and that sanctions will be lifted prematurely.

"Too much is being made of these two individuals, and not enough is made of the fact that they are part of a government apparatus in Libya," she said. "Berger and Albright told us personally that we can't move unilaterally against a terrorist country like Libya, that we need international support. But they just did it in Afghanistan and Sudan, which just makes this all more bizarre."

## Germany Puts Memorial to Jews on Hold

By William Drozdiak  
Washington Post Service

BERLIN — Fearful that the darkest chapter in the nation's history would be dragged into a tense election campaign, Germany on Monday postponed a controversial decision on whether to build a memorial in the heart of Berlin to pay homage to six million Jews murdered by the Nazis.

Chancellor Helmut Kohl, an ardent supporter of the project, wanted to secure final approval this month so the monument could be ready by the time the government completes its transfer to Berlin from Bonn late next year.

But the project has come under intense criticism from politicians and intellectuals, who argued that creating a "wreath-dumping ground" would minimize the legacy of Nazi genocide. Mayor Eberhard Diepgen, a leading member of Mr. Kohl's governing Christian Democrats, complained that Berlin was in danger of becoming "a city of memorials and repentance" rather than evolving into a forward-looking, 21st-century world capital.

On Monday, Mr. Kohl and Mr. Diepgen announced that the fate of the Holocaust memorial would be determined after the national election on Sept. 27. The delay reflects continuing dissatisfaction with the favored design, conceived by the architect Peter Eisenman and the sculptor Richard Serra, which calls for a graveyard-like labyrinth of more than 2,000 concrete pillars scattered over a five-acre (two-hectare) site near the Brandenburg Gate.

"It would be irresponsible to allow the decision for the monument to murdered European Jews to be dragged into the election campaign," said Michael Andreas Buz, the city government spokesman. "In light of the international significance, we have to do everything possible to keep the decision out of the campaign."

The emotional wrangling over the Holocaust memorial underscores the persistent difficulties in coping with Germany's past as a new generation comes to power in a reunited Germany.

Earlier this year, a group of 19 prominent German historians and authors, including the Nobel-prize-winning author Gunter Grass, declared that creating "an abstract installation of oppressively gigantic proportions" would defeat the project's purpose of encouraging remembrance about the horrors of the past and reflections about lessons for the future.

Critics of the memorial said it neglected other victims of Nazi persecution, notably Gypsies, homosexuals and disabled persons. They also claimed that Berlin already possessed several historic places to contemplate the evils of the Holocaust, such as the Topography of Terror museum, on the site of the Gestapo headquarters, and the Wannsee villa where the blueprint to exterminate Europe's Jews was mapped out.

But the debate took a significant political twist last month when Gerhard Schröder, Mr. Kohl's Social Democratic challenger, indicated that he would put off any decision if he became chancellor.

Michael Naumann, Mr. Schröder's top adviser on cultural affairs, declared that the \$10 million budgeted for the memorial would be better spent on improving the dilapidated state of the former concentration camps, which he described as "the real memorials of the Holocaust."



OPEN AGAIN — Shoppers in Omagh passing by flowers laid in tribute to the 28 people killed by the bomb of Aug. 15. Shops in the Northern Irish town opened Monday for the first time since the blast.



## EUROPE

# Civilians Flee Serb Attacks Near Kosovo Airport

PRISTINA, Yugoslavia — Serbian artillery pounded areas near Kosovo's airport on Monday, sending civilians fleeing amid signs that ethnic Albanian rebels scattered by a recent offensive were regrouping.

Civilians fled the villages of Magura and Llesha, about 12 kilometers (8 miles) southwest of the provincial capital, Pristina, as Serbs bombarded mountainous areas nearby, witnesses said. Both villages were in flames and civilians could be seen escaping onto the main road.

The fighting took place on the south-east flank of Golec Mountain, which local Serbian sources say is the site of an important Serbian military installation. For the second day in a row, Serbian forces used their firepower, including artillery and heavy machine guns, in the area near the airport and west and south-west of Pristina.

Serbian sources in Pristina said bands of separatist Kosovo Liberation Army guerrillas broken up in fighting around Komorane, west of Pristina, were regrouping. The ethnic Albanian daily Bojku quoted Džafar Sahri, the spokesman for a government-in-exile in Geneva, as saying that four days ago the KLA had formed a headquarters for western Kosovo.

The headquarters covers 58 villages in the region and its command structure is run by professional soldiers, the report said.

The KLA, which began a campaign in February for independence for Kosovo and its ethnic Albanian majority, was pushed back in a monthlong Serbian offensive that ended in July.

Although Serbian forces have retaken most towns and villages that had fallen to the KLA, fighting has continued, with casualties mounting on both sides.

Late Sunday, the bodies of 10 ethnic Albanians believed to have been killed along the Albanian-Montenegro border were taken to the morgue in Djakovica, west of Pristina, the Kosovo Information Center said.

It said only one of the bodies, that of Adem Dervishi, 62, a resident of the village of Bamsa, had been identified. It gave no further details and the report could not be verified independently.



Ethnic Albanian children playing with a tank shell Monday outside the ruins of their home, razed by Serbian forces.

Center said.

But on Monday, German bankers and government officials found themselves scrambling just to find someone to talk to in Moscow, Russian leaders were to sit down Monday with Western banks, led by Deutsche Bank and J.P. Morgan, to discuss a restructuring of payment on Russian bonds.

But bankers said it was impossible to even begin discussions because Russia did not have a real government in place.

The Russians sent the deputy chairman of the Russian Central Bank, and European banks generally sent local representatives rather than top executives.

Mr. Fischer of Commerzbank said German bankers were worried about an absence of capable financial managers in Russia and have contemplated offering to lend Russia some of their own experts.

"Our main concern is that the Russians find the necessary managerial skills," he said. "We feel the Russians are lacking, to a certain extent, the competence and the good people to manage the massive problems."

Meanwhile, German and other European political leaders divided their time between insisting that Russia follow through on its economic reforms and insisting that the Russian financial crisis would have no severe impact.

"The Russian crisis will have no decisive impact on European growth," said Jacques Santer, president of the European Commission, speaking to a symposium in Italy.

Official Points Finger at G-7

The Group of Seven leading industrialized nations could have helped avert the gravity of economic and financial turmoil in Russia by offering more funds, a top International Monetary Fund official said Monday, Bloomberg News reported from Washington.

"It became clear to me that the situation was untenable when the G-7 didn't rush to Russia's aid," the first deputy managing director of the fund, Stanley Fischer, told the Frankfurt Allgemeine Zeitung.

Chernomyrdin lacked the will to challenge powerful financiers and monopolists.

"These issues are not likely to be solved in the Chernomyrdin government," Mr. Nemtsov said. "And since this is the situation, there is no point for me to work in it."

Certainly, investors seem to have concluded as much. Shares in Gazprom, Russia's huge natural gas monopoly, rose almost 20 percent Monday.

Before joining the Yeltsin government six years ago, Mr. Chernomyrdin served as the head of the gas monopoly. And many investors believe the oil and gas companies will be treated leniently under a Chernomyrdin government.

Mr. Kiriyenko, in contrast, has spearheaded the effort to squeeze Russia's energy sector for overdue taxes.

The fate of other reform-minded members of the government remained unclear. But one key Chernomyrdin aide, Alexander Shokin, the leader of Mr. Chernomyrdin's forces in Parliament, called for the resignation of Anatoli Chubais, the economic reformer who has served as the Russia's negotiator with the International Monetary Fund and the World Bank.

## RUSSIA: A Political Agenda

Continued from Page 1

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The political situation demands that Chubais leave the political scene," Mr. Shokin said.

The Communists have also sought to exploit Mr. Yeltsin's shakeup to gain new influence over economic policy.

Mr. Chernomyrdin aggressively courted Parliament before his sudden return to power and continued to do so Monday.

To smooth Mr. Chernomyrdin's approval by the Communist-dominated Parliament, the Kremlin announced that a new commission of Yeltsin government officials and Parliament members would be established to fashion a strategy to deal with the economic crisis.

The commission may even go so far as to approve new appointees to the Chernomyrdin team.

"Viktor Chernomyrdin is also open to any proposals on the composition of the government," Mr. Yastrzhembsky said. It was too soon to tell whether the Communists would succeed in forcing the weakened Yeltsin government into a genuine power-sharing arrangement.

But Mr. Yeltsin seemed to be very much the loser Monday. Looking tired and drawn, he said he had decided to reappoint Mr. Chernomyrdin as his prime minister after concluding that it would encourage political stability. He even hinted that Mr. Chernomyrdin would make a good successor.

"The main priority is not to allow any steps backward, to maintain stability," Mr. Yeltsin said in a brief television address. "Today, we need people known as heavyweights. I consider the experience and weight of Chernomyrdin essential."

"Otto Laisis, deputy editor of the newspaper Novaya Izvestia, observed that

## BRIEFLY

### Inquiry Targets East German Funds

BONN — About 2 billion Deutsche marks (\$1.1 billion) in assets that went unaccounted for after the collapse of Communist East Germany has been tracked down.

Investigators on Monday accused the Party of Democratic Socialism, successor to the SED party that ruled East Germany, of hindering an eight-year inquiry in a bid to keep some of the SED's wealth.

Christian von Hammerstein, chairman of the independent investigating commission, said he believed most of the former SED funds had been accounted for but said more might turn up during inquiries being conducted outside Germany. (Reuters)

### Le Pen Challenged From Within Party

PARIS — Bruno Megret, deputy leader of France's National Front, has put his name forward to lead the far-right party's slate in next year's European parliamentary elections in a challenge to its longtime leader, Jean-Marie Le Pen.

The decision would be up to a vote of the party's top leaders, and Mr. Megret said he would abide by their judgment.

Mr. Le Pen, who has made no secret of his dislike for Mr. Megret, is expected to be ineligible to run for office next year due to his conviction for assaulting a Socialist politician last year. (Reuters)

### For the Record

A fund set up in December to aid needy victims of Nazi persecution has raised nearly \$57 million, British officials said. (Reuters)

## GERMANY: As Russia Teeters, Bankers and Politicians Worry About Billions in Loans

Continued from Page 1

German banks have played an important role in Russia for many years, but that role grew considerably after the fall of the Berlin Wall in 1990. As communism collapsed in Central Europe and Russia, German manufacturers immediately turned eastward to capitalize on their central geographic position as well as their ability to supply the material and equipment for rebuilding those countries.

German banks provided the trade financing for exports and for investment in development projects. The German government, primarily through the Hermes export-promotion agency, guaranteed the vast majority of the debt.

According to the Ministry of Economics, Hermes is guaranteeing about \$30 billion in debt to Russian projects. Although the Russian government has imposed a 90-day moratorium on repayment of foreign debts, it has said it will continue to honor government debt.

Over the long term, analysts said, the

Russian loans could have a significant impact on the German budget. But that remains unclear, because nobody knows how many loans will go into default when they come due in several years.

The uncertainty spooked the German stock market last week, particularly shares of banks, including Deutsche Bank and Commerzbank.

But the banks insist they are fairly secure because the government is backing so many of the loans, Deutsche Bank has said its "exposure" to Russian loans is about \$750 million, and Commerzbank has said its exposure is more than \$100 million. Bank executives say they have already taken loan-loss provisions for about half that amount.

Chancellor Helmut Kohl had political as well as economic reasons to support relations with Russia. It was Mikhail Gorbachev, the former Soviet president, who let it be known that Russia would not block the renunciation of Germany, a moral debt that Mr. Kohl highlighted Sunday in a campaign speech.

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## After 13 Days in Her Car, Burma Critic Goes Home

Democratic Leader Still Pressing for Parliament

By Seth Mydans  
New York Times Service

JAKARTA — The Burmese opposition leader, Daw Aung San Suu Kyi, returned Monday to her home in Rangoon, after having spent 13 days in her car, surrounded by soldiers who blocked her from traveling to meet supporters.

But her political standoff with the military continued as she pressed her demand for the convening of the Parliament, dominated by her party, that was elected in 1991 but was never allowed to take office.

A Burma-based diplomat said Daw Aung San Suu Kyi had been driven home from her roadside protest in a Red Cross ambulance escorted by police motorcycles.

The diplomat said he had no information about her health.

Members of her party, the National League for Democracy, had issued a statement urging her to return home to protect her health.

Doctors who visited her Friday said she was suffering from low blood pressure, dizziness and kidney and urinary tract problems.

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The most recent street protests, in December 1996, involved hundreds of students and led to the closing of the nation's universities, which remain closed.

Witnesses said the protesters chanted anti-government slogans and sang the national anthem.

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As the protesters sat in the street at a major intersection, about 500 onlookers cheered them on, the diplomat said. He said the demonstrators dispersed without violence and without any reported arrests.

At the same time, in an atmosphere the diplomat described as "fluid and confused," the military government's minister of home affairs met with two members of the executive committee of the National League for Democracy, the government reported.

No details of their talk were released, but the fact of the meeting itself was significant. It followed a meeting this month between the party's chairman, U Aung Shwe, and one of the government's most powerful ministers, General Khin Nyunt.

The party had been pressing for months for talks but had refused an earlier invitation that specifically excluded Daw Aung San Suu Kyi.

Her confrontation with the government has intensified with the passage of a deadline she set for last Saturday for the convening of Parliament. As she continued to sit in her car 35 kilometers (20 miles) east of the capital, her party announced that it would call its members to a parliamentary session.

"We believe that there is no reason to continue to ask the military for democracy and that the only way forward is through a people's movement," said a Thailand-based opposition group, the All Burma Students Democratic Front.

Such a move would likely be met by arrests. In the past, when the party has attempted to gather its members to meetings in Rangoon, hundreds of people have been arrested.

The government warned the opposition Monday that any move to convene its members could curtail further talks.

"Such an action by any individual party would be in contravention of Burmese law, and seems designed to derail the ongoing discussions between the government and the National League for Democracy," it said in a statement.

The 1991 election followed a crackdown on opposition demonstrators in 1988 in which thousands of people were killed.

The government annulled the election when the opposition won in a landslide, taking 392 out of 485 seats.

Since then, opposition groups say 182 of those elected representatives have become inactive, either through arrests, forced exile, compulsory resignations or death.

## ASIA/PACIFIC

## After 13 Days in Her Car, Burma Critic Goes Home

Democratic Leader Still Pressing for Parliament

By Seth Mydans  
New York Times Service

JAKARTA — The Burmese opposition leader, Daw Aung San Suu Kyi, returned Monday to her home in Rangoon, after having spent 13 days in her car, surrounded by soldiers who blocked her from traveling to meet supporters.

But her political standoff with the military continued as she pressed her demand for the convening of the Parliament, dominated by her party, that was elected in 1991 but was never allowed to take office.

A Burma-based diplomat said Daw Aung San Suu Kyi had been driven home from her roadside protest in a Red Cross ambulance escorted by police motorcycles.

The diplomat said he had no information about her health.

Members of her party, the National League for Democracy, had issued a statement urging her to return home to protect her health.

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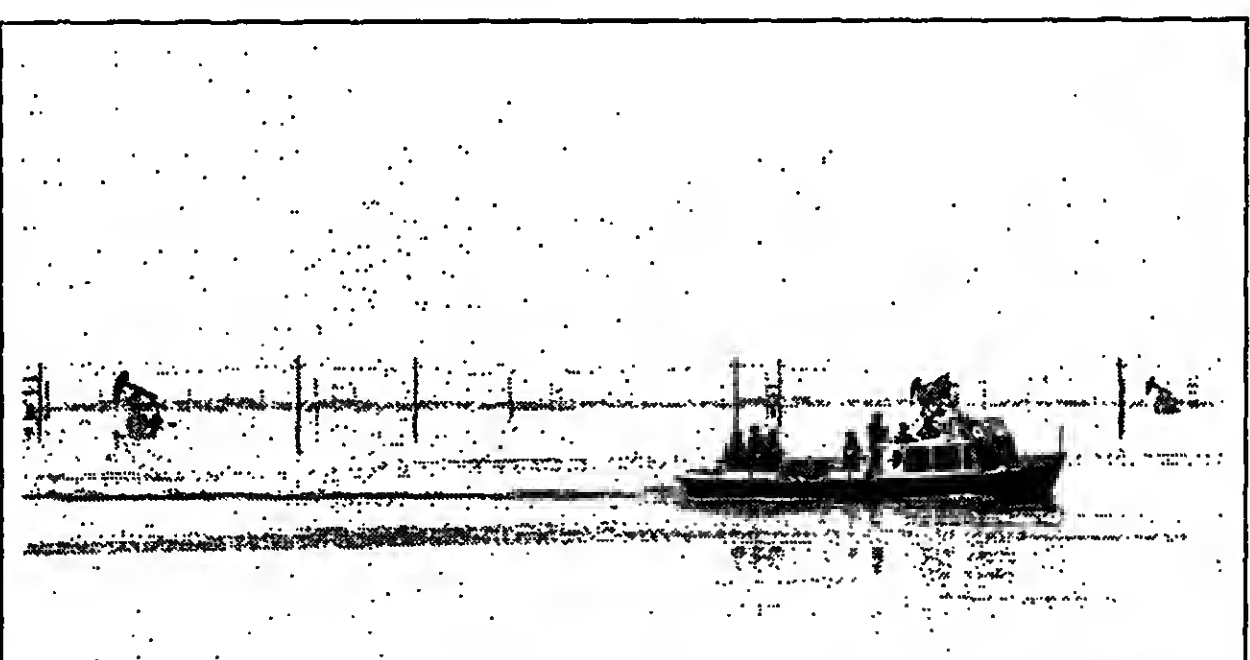
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### Flood Waters Force Cutback in Chinese Oil Production

Chinese soldiers patrolling the inundated Daqing oil field in the northeastern province of Heilongjiang, where floodwaters have cut the average daily output of more than 153,000 metric tons by 2 percent. Nearly 300 of the 25,000 wells are closed.

## JAKARTA: The Army Is Cleaning House

Continued from Page 1

Two soldiers have been sentenced to prison for their part in the killings of four student demonstrators that touched off citywide rioting in mid-May that precipitated the downfall of Mr. Suharto. But human rights groups say higher-ranking culprits remain unpunished.

Thousands of soldiers have been withdrawn from the disputed territory of East Timor, where the military has been accused of killings and brutality. In the island province of Aceh, scores of bones of people believed to have been executed by the army were exhumed over the weekend from a mass grave.

General Wiranto has stated his commitment to reforms and his allegiance to the new government of President B.J. Habibie. But the shape of these reforms is still being debated within the military.

The armed forces chief also moved quickly to consolidate his grip on the military immediately after Mr. Suharto's resignation: Within hours, he had removed General Prabowo from his command of troops and assigned him to head a military academy.

General Prabowo, who is married to Mr. Suharto's second daughter, reacted furiously, and Mr. Habibie said the general accused him at his home, forcing the newly named president to take shelter for the night in a safe house. Mr. Suharto and his family, meanwhile, re-

tired to their homes in Jakarta, where they remain now, out of the public eye.

General Wiranto, like Mr. Habibie, was a close associate of Mr. Suharto. But both men have been leading the way into a more open post-Suharto era with pledges of democracy and human rights. The general also announced on Monday the demotion of two of General Prabowo's allies, Major General Mubdi Purwopranjono, who succeeded General Prabowo as head of the special forces, and Colonel Chairawan, who was in charge of the intelligence unit of the special forces. Ten lower-ranking officers from the unit face trial in a military court in connection with the kidnappings.

The actions follow an investigation by a military tribunal of seven generals known as an "honor council" during which General Prabowo was reported to have admitted responsibility for the abductions, saying he had misinterpreted orders from above.

General Wiranto said the investigation showed that Kopassus was involved in the abductions, under orders to "uncover several movements then considered radical and jeopardizing government programs and public security."

Ambitious and aggressive, General Prabowo aroused the resentment of many of his fellow officers with his quick rise through the ranks to become the youngest



General Prabowo Subianto, a son-in-law of former President Suharto, has been fired from the army.

general in the history of the armed forces. He trained in the United States at the Special Forces school in Fort Bragg, North Carolina, and at the advanced infantry school in Fort Benning, Georgia, and was known as a professional, if rough-edged, officer.

General Wiranto said Monday that General Prabowo's military career was over. "He will not be active any more within the armed forces."

## BRIEFLY

### Chinese Evacuate Upper Yangtze Areas

BEIJING — Chinese flood-control officials evacuated areas along the upper Yangtze River on Monday as waters surged to their highest levels in more than a month of disastrous flooding.

Yangtze tributaries, swelled by torrential rains that killed at least 19 people in southwestern Sichuan Province last week, converged near the city of Chongqing during the weekend and reached a new flood crest, the river's seventh since early July.

Officials warned that record high waters — up to 4.5 meters (15.5 feet) above the emergency line — would lash the upper Yangtze for the next two days, the China Youth Daily newspaper reported.

To prevent more casualties in the Yangtze's worst flood season in 44 years, all people and movable property were ordered away from a 565-kilometer (350-mile) stretch of the river, the paper said. (AP)

### Pacific Isles Complaint

POHNPEI, Federated States of Micronesia — Australia pushed the South Pacific Forum to the brink of collapse with its hard-line stance on greenhouse gases at its annual meeting last year, the outgoing chairman said Monday.

Opening the 1998 meeting, the Cook Islands' prime minister, Geoffrey Henry, said the forum's unity had been "sorely tested" when Australia insisted on watering down calls for binding international gas emission targets.

After a standoff, Pacific island nations gave in to Australia in 1997 and agreed not to endorse binding targets for greenhouse gas emissions.

The Pacific states, some of them only 1 or 2 meters above sea level, fear they can be wiped out by rising ocean levels caused by global warming. (AP)

### Cambodians Protest

PHNOM PENH — Cambodia's opposition launched an around-the-clock demonstration in front of Parliament on Monday to protest the result of elections last month and to press demands that alleged vote fraud be properly investigated. Mass protests are threatened for the weekend.

About 1,000 protesters gathered at a sports stadium in the morning before marching to the National Assembly, carrying banners denouncing the government leader, Hun Sen, whose Cambodian People's Party won the July 26 election. (Reuters)



## EDITORIALS/OPINION

# Herald Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

## Pyongyang Blackmail

It is doubly bad news that North Korea is building a secret underground nuclear facility. First, the idea that this Stalinist, hostile and repressive regime may once again — or still — be committed to acquiring nuclear weapons is ominous in its own right. But the report calls into question as well a 1994 U.S.-North Korean agreement that is the basis for all other American dealings with that isolated state.

From the start there has been a question of who was stringing whom along with that agreement. Alarmed that North Korea was accumulating weapons-grade plutonium, the United States in 1994 agreed to lead a coalition of interested nations that would provide the impoverished North Koreans with two nuclear reactors of no military use, and a quantity of fuel oil, in exchange for the mothballing of a plutonium-producing reactor and other weapons facilities. The idea was to buy time, assuming that the world's last pure Stalinist dictatorship could not last forever, and it was a chance worth taking. But the danger was that the North Koreans were buying time themselves, taking advantage of U.S. generosity while pursuing their nuclear ambitions.

There is little question but that thousands are dying of hunger; there is no question but that this starvation is entirely political, a result of North Korea's wildly flawed economics and the regime's total denial of freedom to its people. The West provides free food nonetheless. This is in part out of humanitarian principles and the belief that food should never be a political weapon, but it is also out of fear that a collapse in North Korea could cause the regime to lash out in some lunatic and destructive way.

On both counts, in other words, the North Korean regime successfully has practiced the politics of blackmail. If North Korea is taking the ransom (fuel and food) and going ahead with its weapons program, then it becomes clear that North Korea is stringing America along and not the reverse.

So far the Clinton administration insists, at least in public, that North Korea is out yet in violation of the 1994 agreement. We hope that in private it is delivering a far firmer message. If North Korea's nuclear program is continuing, it should not take long to figure that the whole deal must be off.

—THE WASHINGTON POST.

## Keep Inspecting Iraq

In the immediate aftermath of U.S. missile attacks against suspected terrorists in Afghanistan and Sudan, the Clinton administration understandably needs to be cautious about threatening the use of force elsewhere. But Washington cannot afford to slacken the pressure on Iraq for long. Now that Saddam Hussein has disabled the international inspection system designed to prevent him from building biological, chemical and nuclear weapons, he may quickly be able to produce enough germ agents to menace his neighbors.

Since the end of the 1991 Gulf War, Washington has been firmly committed to keeping Baghdad from ever again building mass destruction weapons. But with international support for arms inspections and sanctions against Iraq weakening, some administration officials seem ready to quietly abandon that goal. Instead they would concentrate U.S. efforts on stopping Baghdad from ever using such terror weapons.

Switching from prevention to containment would be a grave error. The administration should not imagine that Iraq will become any more tractable, or

the UN Security Council any more united, if the United States ceases to enforce inspections. Washington should fully back the arms inspectors when they try to resume work. Only unfinching U.S. determination can keep Baghdad in line and stop less resolute Security Council members from bending to Iraqi pressures.

Saddam's real grievance against the UN inspectors is that they threaten his goal of secretly preserving elements of his germ warfare, nerve gas and clearly completed nuclear weapons programs. That is why he repeatedly obstructs their work. The closer the inspectors come to Saddam's most sensitive secrets — documents describing stocks of deadly anthrax and botulinum toxin, physical evidence that VX nerve gas was loaded onto missiles — the more inventive he becomes in devising reasons to hold them at bay.

If Saddam now gets away with vitiating the UN inspection system, Iraq's concealed weapons programs will give it a big head start on rebuilding its arsenal of terror.

—THE NEW YORK TIMES.

## Clinton and Congress

President Bill Clinton is about to enter a month of intense negotiations with congressional Republicans that will determine the records and the arguments that both parties carry into the fall campaign. One question is how the events of the last week, in which Mr. Clinton has been both weakened and given fresh reason to try to appear in command, may affect the outcome. Not even when the administration is anyone's sure. But not many people doubt that there will be some effect: the president's standing will influence the legislative outcome, and the outcome may in turn affect the standing.

The framework for the negotiations was set before Congress began its August recess. The Democrats far more than the majority Republicans have set the legislative agenda this year. Their proposals — for campaign finance reform, tobacco regulation, "patients' rights" when insurers balk at paying for health care, increased child care subsidies and the rest — have mainly been blocked by the Republican leadership.

Democrats say the Republicans have no agenda beyond protecting the status quo and its principal beneficiaries. The Republicans, led in this instance by House Speaker Newt Gingrich, have begun to fire back. They recount the accomplishments of prior years — welfare reform, the balanced budget agreement. They denounce the Democrats for proposing government expansion, and present themselves as champions of less intrusive government instead. The proof, and the party signature, is their call for a major tax cut.

That is the frame of the debate that will resume when the Senate reconvenes next Monday. Here are some of the specific tests that await the two sides before Congress's scheduled adjournment on Oct. 7.

The House passed a campaign-finance-reform bill over the opposition of Mr. Gingrich and the rest of the

Republican leadership. It goes back to the Senate, whose own leadership led a filibuster to thwart the majority and block similar legislation earlier this year. The president claims to favor the legislation, which his own fund-raising excesses helped to inspire. The question is how hard he, the Senate Democrats and the moderate Republicans who earlier joined them now push. Do they go so far as to tie up the Senate until they get a vote, or do they pay only lip service to the cause?

Mr. Gingrich wants a tax cut but has no way to finance it unless he dips into the prospective budget surplus, which the president has rightly said should be used to "save Social Security first." Does the president hold or fold? The administration has issued veto threats against seven of the 13 appropriations bills to fund the government in the fiscal year beginning Oct. 1. Failure to pass them creates the risk of a government shutdown.

The disputes are partly over money, but also over such prickly issues as how to ensure that the next census is fair, whether to let lower-middle-income families into subsidized housing at the expense of the poor, and so what terms to replenish the IMF. How hard a line does the president take? How hard if at all does he push for the trade bill that Mr. Gingrich proposes to revive, but that organized labor and many Democrats oppose? How hard does he hammer the Republicans on the health care issue?

The president's tendency in the past has been to blur at least some of his differences with the Republicans. Sometimes he has frustrated and even embittered his own supporters. The business of picking his way through Congress becomes all the more complex when the members he is dealing with are the same ones who may next pass judgment on him. That, too, may affect the next month's negotiations.

—THE WASHINGTON POST.

## Formula for Russia: Pay Your Dues or Go to Jail

By Charles Wyplosz

TAULIGNAN, France — Yet another huge IMF-sponsored rescue package has promptly fizzled out. Billions of dollars have been spent to no avail. Disasters of this magnitude occur far too often these days.

Behind the Russian meltdown is a tale of bad economic and political judgment, in the West and in the East.

There was nothing deeply wrong with the ruble. True, the fall in oil prices has hurt Russia badly, and a moderate depreciation could have helped. But the problem is elsewhere, and everybody knows it. The federal government is increasingly unable to collect taxes, which have fallen from 20 percent of GDP in 1992 to 8 percent this year.

Russian authorities have managed to contain the budget deficit, but they have done it the wrong way, by not paying what they owe. In today's Russia nobody feels that dues must be paid, not the government and not the taxpayers. Why pay if there is no sanction?

From headquarters just as lavish as those in New York or London, Russian banks and corporations engage in big commercial deals, make their top executives immensely rich, they claim that they cannot pay taxes. When the tax collector gets angry, a deal is arranged, they cough up a few kopecks

and carry on. If tax collection goes on declining, there is no way the government can service its debt. This is what triggered the crisis.

Domestic and foreign investors alike scrambled to the exit door. Pundits certified that the ruble was not overvalued, but there were no takers. Self-interested financiers convinced the authorities to buy those rubles, and when the stock of dollars dried out in July, the IMF provided a new pile which just went down the same tube.

On paper, the IMF conditions for the loan could have solved the problem. But half of the required measures had to be approved by the Communist-controlled Duma, which has never passed any legislation without crippling it.

To meet the other half, the government would have had to get tough with bad taxpayers, but these are all the president's friends, and the prime minister (now replaced) was patently weak. The IMF conditions never had a fighting chance. That was mistake No. 1.

Mistake No. 2 was not to request that the embattled ruble be allowed to float. Same mistake as in Mexico, as in Asia, and soon in Brazil and Argentina.

The IMF's main shareholder, the United States, committed mistake No. 3. It decided that Boris Yeltsin's political fate was vital to the U.S. national interest, and ordered the IMF to undertake yet another expensive and predictably doomed rescue.

Anyway, here we are. Basic principles of economics have defeated the might of top guns in Washington. Mr. Yeltsin and his friends have sunk with the ruble, and the bottom has not been reached. What can be done?

Wise, the Russian authorities have suspended servicing their debt. They had to pay enormous interest, which can only be explained by the expectation of a forthcoming default.

Investors who now complain about debt suspension are less than candid. Even if they end up with half of what they were promised, it will still turn out to be the best deal of the year, courtesy of millions of impoverished Russians.

The authorities must also stop fixing the exchange rate. Their stubborn defense of the ruble was really a guarantee offered to Russian banks which had borrowed heavily in dollars. The price tag is in the billions of dollars.

If banks fail, this will only be fair. Failed banks can be sold, and there will be plenty of takers from the West if

they are not kept out by powerful lobbies and if the price is right. At last Russia will have banks which resemble those that you find elsewhere.

Finally comes the essential part: collection of taxes. Until this is done, Russia will go on from crisis to crisis, gradually imploding in the way Latin America did in the 1980s.

There is only one way: Apply the law. But this requires cutting the link between politics, business and finance. Mr. Yeltsin has shown over and over again that he will not do that. He backed Prime Minister Sergei Kiriyenko on many tough decisions but he did not let him touch big business.

He has now brought back Viktor Chemomyrdin, whose main political asset is immobility. Too bad. Someone else will have to do the job of establishing a market economy, one where either you pay your dues or you go to jail. It's as simple as that. All the rest is pie in the sky.

The writer is professor of economics at the Graduate Institute of International Studies, University of Geneva, and senior expert at the Russian European Centre for Economic Policy, in Moscow. He contributed this comment to the International Herald Tribune.

## The American War on Terrorism Has Scarcely Begun

By Jim Hoagland

WASHINGTON — The

history of America's war on terrorism in the Middle East is long on cause, short on effect. President Bill Clinton's uncharacteristically swift missile raids on Afghanistan and Sudan are unlikely to change that pattern. But that grim imbalance makes this retaliation no less necessary, or less justified.

The retaliatory raids on Osama bin Laden and associates are a form of national self-defense. Mr. Clinton did not have to wait for proof beyond a reasonable doubt to punish, destroy and deter bandits biding out in two broken states that lack the will or ability to control them.

There is also an unstated, and unstable, motive: revenge. Reasons of diplomacy and politics prevented Mr. Clinton from acknowledging on Thursday that vengeance-seeking is involved. But the Americans and Africans who were slaughtered indiscriminately in Nairobi and Dar es Salaam deserve nothing less than this affirmation in fire that they have not been forgotten.

They in fact deserve more. They, and those who died in previous attacks and those who might die in the future operations of this gang, deserve a sustained, focused presidential effort to bring terrorists to justice and to challenge the authority and existence of states that support or harbor them.

Until now the Clinton administration has not taken its obligation to challenge rogue governments directly with force as seriously as it should have. It has been willing to rely on economic sanctions to contain Iraq, which has significant ties to Mr. bin Laden through its large intelligence presence in Sudan

— and other regimes that directly support terrorism against American targets.

If the embassy bombings in Kenya and Tanzania have opened Mr. Clinton's eyes to the need for constant presidential vigilance and action, then some good will have come out of these horrible tragedies.

But there are troubling signs that this president could again stage a pincer raid, announce the problem solved and turn back to his own domestic and personal preoccupations. A single night of missile strikes against remote desert sites will not leave America's self-declared enemies off balance for long.

The initial post-raid statements from Mr. Clinton and his national security team seemed to acknowledge that. But there was also a rhetoric of demonization and verbal overkill puffing against Saddam Hussein and weapons of mass destruction last winter, just before the administration decided it could not live with both after all.

A particularly severe realism is called for in pursuing the war against terrorism. America has sought to use both the law of the jungle and the law of the courtroom to protect its citizens and its global presence. Neither has brought more than brief respites in the irregular, often brutal attacks on U.S. interests.

Ronald Reagan's isolated and limited strike on Libya in 1986 led to new terrorism from Tripoli, possibly including the bombing of Pan Am 103 in December 1988. George Bush, putting together Operation Desert Storm in the autumn of 1990, when conclusive evidence

of Libyan involvement came into American hands, decided to pursue the Libyans through international law, an effort that still has brought no results.

Other outrages have gone without effective retaliation — the assassination of two U.S. diplomats by Palestinian guerrillas in Khartoum in 1973; the taking hostage of U.S. diplomats in Tehran in 1979; the Syrian-backed bombings of the U.S. Embassy and Marine barracks in Beirut in 1983; and until now the attacks on U.S. troops in Saudi Arabia in 1995 and 1996.

America's open society, its laws and political ethos, all inhibit the exact and systematic

taking of an eye for an eye. The scale measuring American victims against retribution is always unbalanced, in the terrorists' favor. That makes it necessary for an American president to use to the maximum any and every opportunity he has to reduce the effectiveness and reach of terrorist gangs and those who support them.

The administration has vaunted the superb intelligence and evidence it has gathered and the effective force it has amassed in this case. It is hard to believe that one night of raids has exhausted what Mr. Clinton could and should do to stop Mr. bin Laden's bloody extremism.

Mr. Clinton's own motives are not the issue here. I do not

believe that he should be accused of acting merely to deflect attention from his Lewinsky problems. In any event, strategy of foreign exploits is such a situation would not work, as Richard Nixon found in 1974 when he sought to change the subject from Watergate to his record in the Middle East.

The American public is wise enough to sort out the consequences of domestic foolishness or wrongdoing from a president's international duties, and deal with them separately. The president has said America is at war with terrorists and must prevail. He is right. This time it must show he means it.

The Washington Post.

## Get the America-Hater, Dead or Alive

By L. Paul Bremer 3d

WASHINGTON — This struggle has no clear end point. The war against terrorism will never be "won." But its impact on American lives and interests can be reduced.

Counterterrorism strategy traditionally draws on political, economic and commercial measures, diplomatic maneuvers and pressure, law enforcement, covert action and sometimes military force. Terrorist states are vulnerable to political, economic and diplomatic pressures.

But the kind of terrorism symbolized by Osama bin Laden makes much of that strategy moot. Such groups lack these pressure points. They are "self-financing" and can buy access to countries like Afghanistan, where the government is weak and divided.

The ideology of such groups makes them impervious to

political or diplomatic pressures. They hate America and proudly declare themselves to be at war with it. The United States cannot seek a "political solution" with them.

So what should it do? Defend itself. Beef up security around potential targets at home and abroad, especially "softer" targets such as American businesses overseas.

Attack the enemy. Keep the pressure on terrorist groups. Show that America can be systematic and relentless as they are. Crush Mr. bin Laden's operations by pressure and disruption. The U.S. government should order further military strikes against the remaining terrorist training camps in Afghanistan and Sudan.

Washington should announce a large reward for Mr. bin Laden's capture, dead or alive. This might work, and at the least would exacerbate the paranoia common to all terrorists.

Washington should let it be known that it (with the Pakistanis) is having "productive discussions" with the Afghan Taliban about evicting Mr. bin Laden. The Taliban are unlikely to expel him, but such talks will increase his concerns. And if he is on the run, he will be vulnerable to interception.

The objective is to retain the initiative, keep Mr. bin Laden off balance and ensure that he never again enjoys a good night's sleep.

Improve intelligence operations. Effective counterterrorism depends on good intelligence. U.S. agencies performed remarkably well after the East African bombings. The aim is to disrupt attacks before they happen.

This requires improved coordination of intelligence collection against terrorist groups. America should expand the use of deep cover agents on the ground to infiltrate terrorist organizations.

Conduct vigorous diplomacy. These actions should be part of a broad diplomatic effort to show the world that America is serious about the fight against terrorism. It should stress that it has no quarrel with Islam, but that it intends to defend its interests, keep pressure on states that support terrorism, and do everything possible to prevent weapons of mass destruction from falling into the hands of terrorists, or terrorist states.

America should let it be known that it welcomes support and will remember those who stand with it. And it must ignore the fruitless discussions at the United Nations. A litany of resolutions and solemn declarations do not impress terrorists.

Revoke the assassinations ban. The president should repeal the executive order banning the assassination of foreign leaders. Under present policy, it is permissible to attack a factory in the middle of a city, or a terrorist camp inhabited by unnamed operatives, but not to target a man who is proud to have killed American civilians. This makes no sense.

There are never easy "good" choices in the fight against terrorism. Each course of action has drawbacks. But it is sometimes hard to identify the best course, it is easy to know the worst: Do nothing.

The writer was ambassador at large for counterterrorism during the Reagan administration. He contributed this comment to The Washington Post.

## Arm the UN Military Observers

By Andrew Meier

MOSCOW — Last month in Tajikistan, where clashes continue despite a 1997 peace deal that ended a five-year civil war, four members of the UN observer mission were ambushed and executed on the spot.

The four — Polish Major Ryszard Szewczyk, Uruguayan Major Adolfo Sharpego, Japanese civil affairs officer Akino Yutaka and their Tajik interpreter, Dzhorabzhon Makhramov — were forced from their Land Rover on a remote mountain road and shot. Their bodies were dumped in a ravine.

At first the Tajik government, a regime with a notoriously nasty human rights record, claimed that they had died in a car crash. After backtracking on that shameful statement, the Tajik president, a Russian-backed strongman, blamed his political opponents and launched one of his seasonal crackdowns.

A week before, in the former Soviet republic of Georgia, a Polish member of the UN observer mission there also was murdered. Maria Magdalena Wewiorska, secretary to Kofi Annan's special envoy in Georgia, had arrived just weeks earlier. She was on her way to her Tbilisi apartment when she was shot. The authorities called it a robbery, but UN staff in Georgia call it the latest in a long string of provocations.

"None of the president's enemies wants us here," says a UN employee in Tbilisi. And President Eduard Shevardnadze, who in February survived his second assassination attempt in three years, boasts plenty of enemies.

The murders not only reveal how these fledgling states remain riven by insurgencies, but, more important, how the United Nations has failed to build peace in these ex-Soviet war zones. The Security Council long ago abdicated responsibility, opting for the easiest gesture: hopelessly small contingents of unarmed "military observers."

"Military observers," explains a UN spokesman in New York, "by definition do not carry arms. They are officers, they are not troops." But in the post-Soviet battlefields, where guerrillas hunt daily for headlines and bargaining chips, a "military observer" is a fatal oxymoron.

A Polish officer deep in the Tajik outback, not far from where his colleagues were later killed, told me in 1996: "Military observer" ... what the hell does this mean? We are sent here to 'show the flag.' Well, we show it, and it makes us an embarrassingly easy target."

Georgia and Tajikistan each host more than 80 officers "observing" that there is no peace in their disputed provinces. These missions, while assuaging UN guilt, have disappointed the survivors of war, encouraged conflict among fractious local satraps and offered up a tragically high number of UN volunteers for sacrifice. A UN official in Georgia summed up his predicament bluntly: "We're like pigeons."

In Abkhazia, the Black Sea province that has fought to secede from Georgia since

1992, clashes continue. "If we are attacked we can do nothing," General Haroun Rashid, the soft-spoken Bangladeshi then in charge of the UN military observers there, told me last year. He knew from experience. His men had been ambushed, robbed and kidnapped. In 1997 he even was reprimanded for paying a \$7,000 ransom for three of his men who had been taken hostage.

UN observers are not the only ones who suffer casualties. Russia's peacekeepers — who often behave more like an occupying force in Georgia and Tajikistan — come under frequent attack as well. In Abkhazia, the casualty totals for July alone were ugly, with seven Russian soldiers killed by mines and 11 injured.

The United Nations is unable to help Russia's peacekeepers. "To protect others with force, even when they're under attack, is simply not within our mandate," the general explained with a shrug.

These recent murders tragically testify to the futility of UN military observer missions. Some 900 uniformed officers serve in such missions around the world. Unlike the 10,000 soldiers in the 17 UN peacekeeping missions, they carry no arms.

The United Nations should continue to push for peace in the hot spots of the old Soviet Union. But if it wants to protect officers in war zones, it should at least give them the right to protect themselves.

The writer is Moscow correspondent for Time magazine. He contributed this comment to The Washington Post.

## IN OUR PAGES: 100, 75 AND 50 YEARS AGO

### 1898: U.S. Protection

MANILA — The rebel leaders declared that they were willing to co-operate with the Americans and would surrender their arms if assured that the Philippines would become an American protectorate. Many Spaniards assured that they are eager to enter upon new enterprises, but fear ruin if the Americans retreat. There are a few monopolists who are averse to competition and who are intriguing against the opening up of the country. Natives inform that the religious orders are also instigating opposition to any change in the old regime.

### 1923: German Speech

BERLIN — In a joint understanding between Germany and the Allies, Germany must hope that a way will be found for reconciling the justifiable claims of her creditors with the

possibility of Germany's development and for assuring the German people the right to live. This was the striking declaration made by Chancellor Stresemann in a speech before the Congress of Commerce and Industry, in which he definitely repudiated the idea of basing the policy of the German Government on a rupture between the Allies.

### 1948: Austrian Pardon

VIENNA — The Austrian government indicated that it regrets having granted an amnesty to 500,000 minor Nazis. An editorial in the government newspaper warned that "dangerous" elements are "smoldering in the dark." The editorial is connected with the question of possible authorization of a new Austrian political party by the four-power Allied Council for Austria. Some government leaders fear that it will become a rallying point for Nazis.

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## OPINION/LETTERS

## A Line Clinton and Nixon Drew Between Public and Private

PRINCETON, New Jersey — Lately, Bill Clinton, who took office in 1993 as the self-declared political heir of John F. Kennedy, has found himself likened to Richard Nixon. The resemblances between the two scandal-ridden presidents seemed most pronounced last week, after Mr. Clinton's address on the Lewinsky matter, which, with its mixture of defensiveness and defiance, led some to compare it to Mr. Nixon's celebrated "Checkers" speech of 1952.

But the supposedly telling comparisons to the Nixon speech are off the mark and actually do an injustice to both men. Contrary to widespread, stubborn historical impressions, Mr. Nixon in 1952 spoke without repugnance — but, for once, with a detailed forthrightness that has been largely obscured by the cloud of later events.

Mr. Clinton, renowned for his proximity in public, spoke, for once, tersely — but with a mixture of apology and defiance that his numerous detractors contend was insufficiently detailed and forthright.

In tone and in content, the two speeches are utterly different. Yet history may show that both were ultimately a success for the same reason. They made careful appeals to certain American beliefs about the right to privacy — ones that often elude the country's more high-minded, moralistic critics.

By Sean Wilentz

In 1952, Mr. Nixon was at the beginning of his career. A freshman senator, he was a hard-line anti-Communist who had attacked corruption in the Truman administration. At 39, youthful and vigorous, he seemed the ideal running mate for Dwight Eisenhower on a Republican presidential ticket heavily favored to defeat the Democrats that fall.

But then, early in the campaign, disaster struck. The New York Post, then a liberal daily, reported that Mr. Nixon had personally benefited from a campaign-finance fund paid for by wealthy California businessmen. A flood of newspaper articles followed, and suddenly the Republican campaign was besieged.

Party advisers wanted to dump Mr. Nixon from the ticket. He refused to back down, however, and instead chose the daring and unprecedented step of going on television to state his case to the nation.

Looking drained from the stress, he spoke for half an hour, giving a dry-as-dust recitation of his family finances, down to the smallest detail. No candidate had ever subjected himself to such scrutiny or humiliation, or divulged such intimate, personal information.

Today few remember this. Instead the speech is best known for one of Mr. Nixon's asides, in which he acknow-

ledged, in a mock confession, that a supporter from Texas had given Mr. Nixon's two daughters a puppy, which six-year-old Tricia had named Checkers.

"And you know, the kids love that dog," Mr. Nixon said, "and I just want to say this right now, that regardless of what they say about it, we're going to keep it." Thus did Mr. Nixon project the image of a man whose private life had been publicly violated by his political enemies.

Political sophisticates were not impressed by the speech. Some scoffed, arguing that Mr. Nixon had not yet fully exonerated himself. Many criticized him for bathos. But the voters reacted differently. They responded to his evident distress and to the candor of his remarks. As soon as Mr. Nixon went off the air,

**In two speeches, both men made careful appeals to certain American beliefs about the right to privacy — beliefs that often elude the more high-minded, moralistic critics.**

telegrams began pouring into the Republican Party's national headquarters demanding that he be kept on board. Party leaders got the message. The New York Herald Tribune, which served as the Eisenhower campaign's unofficial mouthpiece and had demanded Mr. Nixon's

OK, CAPTAIN, YOU'VE WOUNDED THE WHITE WHALE. NOW, LET'S MOVE ON.



scalp only days before, now pronounced the candidate "fully vindicated." His career was saved.

Last week, Mr. Clinton found himself in a different

difference. Mr. Nixon had nothing to hide.

Indeed, as soon as the story about the "secret" fund broke, he truthfully insisted the fund was a matter of public record and had been audited.

Mr. Clinton could make no equivalent claim. He could not defend the ethics of his liaison with a 21-year-old intern. Worse, his one public statement about the relationship had been a denial. In his speech last week, he had to admit he had lied to the public.

In these circumstances, a wry remark about his dog, Biddy, would have done Mr. Clinton little good. Nor did it make sense to give a detailed account of his relationship with Ms. Lewinsky. What many observers, including leaders in both parties, expected was an apology and a plea for forgiveness.

It came as a surprise, then, when a testy and combative Mr. Clinton appeared on television. He took a parting shot at the investigators who had maneuvered him into having to parade personal matters before the public. "Even presidents have private lives," he said.

The reaction to the speech was even harsher than the response Mr. Nixon had received 46 years earlier. Many politicians, columnists, editorialists and television pundits said Mr. Clinton had not been candid enough. Why, they asked, didn't he say he had lied to the American people

and not merely misled them?

Yet, several days after the speech, the public seems satisfied with it. Initial polls show that people are disappointed with Mr. Clinton personally but approve of his presidency and want the country to move on.

Like Mr. Nixon, Mr. Clinton may have appealed successfully to Americans' belief that there is a line between the kinds of behavior that genuinely affect public business and those that do not. While the pundits may have expected contrition, the heartland may have understood his anger at the invasion of his private life.

Of course, the Lewinsky case is far from over. We must await the independent counsel's report, which will also contain details about Whitewater, Filegate and Travelgate. Perhaps in the end Mr. Clinton will face impeachment.

But for the moment, anyway, it seems that most Americans have little patience with those who insist that the accused speak the words others would put in their mouths. There are limits, perhaps, to the amount of humiliation Americans want imposed on Mr. Clinton, whose troubles stem from personal weakness rather than from willful abuse of the public trust.

The writer, a professor of history at Princeton, contributed this column to The New York Times.

## Passing On Ambition From Father to Son

By Paul Spencer Sochaczewski

HARARE, Zimbabwe — On the parched fairways of the Wingate Park Golf Club in Zimbabwe, Lewis Muridzo takes a break from his afternoon of giving golf lessons and does what fathers everywhere do. He brags about his son.

"Tall, articulate and immaculately dressed," Mr. Muridzo pulls out the clippings. His son, Lewis Chitengwa, 25, plays

junior, but I can imagine that he picked up his ambition from his father. My father bragged about my golfing skills, too, but he never pushed me. Yet he was a dreamer, just as much as I sense Mr. Muridzo is.

On reflection, I see that my father provided support more subtly, but just as powerfully as Mr. Muridzo does for his son.

I remember when I wrote my first article, at the age of 15. I collected ancient Roman and medieval European coins and penned a convoluted treatise titled "Denarius to Denier" for a newsletter called the World Coin Bulletin.

My father helped me take the pictures, setting up a makeshift studio on the kitchen table. Our efforts led to my first sale as a freelance writer: \$10.

As far as I am concerned, my father's softly-softly approach worked. He guided me, but never pushed.

Mr. Muridzo is taking a more direct approach. Before he put Lewis junior on

**My father guided me, but never pushed.**

the plane to the United States, he insisted that the boy sign a contract making the father his manager when he turns pro. Yet his son, too, is thriving.

Whose way is best? Maybe both, maybe neither. I am working on a new book with lead roles that would be perfect for Harrison Ford and Michelle Pfeiffer. Lewis Chitengwa is working on his short game, planning to turn pro in the summer.

The writer contributed this column to the International Herald Tribune.

## A Political Wolf in the Law's Clothing

By Anthony Lewis

NEW YORK — Bill Clinton is not the first president whose sexual behavior has become an issue. That distinction belongs to Thomas Jefferson, whose political opponents charged that he had fathered children by his slave Sally Hemings.

Jefferson survived those attacks. But suppose he had been pursued by a prosecutor who supported the opposition party and believed Jefferson was evil. Suppose the prosecutor had had limitless money.

Suppose he had forced Sally Hemings to testify, called Jefferson's aides and friends and subpoenaed the president. How much would Jefferson have borne?

The point of the historical rousing is simple. We are gripped by the story of Mr. Clinton's folly and lies. But something much more dangerous to the country has happened: America has a new form of politics dressed as law, and it has done terrible damage to the institution of the presidency.

It began with the Supreme Court's mistaken decision that Paula Jones could press her lawsuit against Mr. Clinton while he was in office. The suit was supported by the money of the extreme political right. With enough money, political opponents can bring a lawsuit against any president — and, win or lose, harass him for years.

Money is crucial also in the role of the independent counsel. Prosecutors have enormous power. Given the breadth of U.S. criminal law, they can find reason to prosecute just about anybody if they have no limit of time or money. No prosecutor should have an unlimited budget.

The independent counsel, Kenneth Starr, has no limit on what he can spend or how long he can go on. Not only can he draw unlimited public funds for his office, but he also continues to earn millions for himself in private practice.

Mr. Starr has set a precedent especially menacing to the presidency by his obsessive intrusion into private matters. No prosecutor of good judgment would have forced Secret Service agents and the president's lawyers to testify. Mr. Starr's desire to get Bill Clinton has made it harder for all presidents to have confidential conversations, harder to live a normal life.

Mr. Starr and his deputies have pressed intimate sexual questions not only on Mr. Clinton but also on other grand jury witnesses. Mr. Starr is living proof of Sigmund Freud's thesis that all children are dying to know what goes on behind the doors of their parents' bedrooms.

But this isn't about sex. Mr. Starr's defenders say: it is about perjury.

No, it isn't. It is about politics. If a malignant gossip like Linda Tripp had gone to any other prosecutor in the United States with a story that someone had falsely denied a sexual relationship in a deposition, the prosecutor would have sent her and her tapes packing. Prosecutions for false testimony in civil cases are virtually unknown.

The only reason Mr. Starr acted on Ms. Tripp's advice, and without legal authority wired her for an en-

counter with Monica Lewinsky, is that he saw a chance to destroy Mr. Clinton. That is also the reason that he or his colleagues have unlawfully leaked to the press, as a judge has found *prima facie* reason to believe.

Calling Mr. Clinton to testify before the grand jury was a wholly political act. Federal guidelines tell prosecutors not to subpoena the targets of investigations; they will invoke the Fifth Amendment. But Mr. Starr knew that the president could not, for political reasons, rest on that constitutional protection.

I think Mr. Starr had no legal power to subpoena the president. The constitution speaks of prosecution of a president after his removal from office by impeachment and conviction. And that is generally interpreted to bar prosecution before impeachment.

If Mr. Starr cannot prosecute the president, the constitution surely also bars subpoenaing him as a target. But Mr. Starr knew that politics would bar Mr. Clinton from making that argument.

The president should not be above the law, it is said. Exactly so. But "the law" that applies to a president's wrongdoing is specified in the constitution. It is the political process of impeachment, resting in Congress: a public, not a secret, process.

Disguising politics as law in this way is profoundly anti-constitutional. It allows unelected, and unelectable, forces to destroy a president. The system will be unalterably changed if we Americans permit the likes of Paula Jones, Linda Tripp and Kenneth Starr to determine our destiny.

The New York Times.

## LETTERS TO THE EDITOR

## American Mistake?

The U.S. missile strikes in Sudan and Afghanistan will turn out to be one of the greatest foreign policy blunders of the decade. In the long run, they could prove disastrous to the governments of U.S. allies in the region, such as Turkey, Saudi Arabia and Egypt.

Osama bin Laden could not have asked for a better outcome than to be thrust into the limelight as the Muslim voice of resistance to the West.

While Mr. bin Laden's stated goal is to rid the Middle East of Western influence, his current aim is power. It is for this reason that he has been sponsoring carefully calibrated acts of terrorism against

specific value-laden targets: to show his present and future devotees his reach and to provoke a response that would make him a pan-national revolutionary leader.

He is raising an army and needs a war. The Americans, stupidly, have given him one.

OSMAN ERALP, London.

Just when we were beginning to see logical and effective moves against terrorism, such as joint police action resulting in cooperation and arrests in the African bombings, President Bill Clinton has decided to pull a counterproductive stunt that consolidates the position of radicals and turns Islamic public opinion against the United States.

The U.S. missile strikes are of no practical value and can only be interpreted as acts of war against Islam, thus widening the base of public support for terrorist acts.

Now that the damage is done, we Americans overseas can brace ourselves for protracted troubles.

CARL HOLM, Larnaca, Cyprus.

If the U.S. missile strikes were in accordance with international law, does this version of the law apply only to the United States, or are other countries also allowed to lob bombs or missiles into other states without warning, simply on suspicion of some kind of an attack?

Can we presume that the

United States — and the rest of the world — will in the future refrain from condemning all phenomena such as Turkish attacks on northern Iraq, fighting along the Pakistani-Indian border, possible Russian attacks on former satellite states, etc.?

As both international and national law should presumably be based on similar fundamental principles, can we also expect amendments to national laws authorizing individuals who simply suspect someone else of attacking them, or of planning to do so, to lob bombs, missiles, etc. into those people's homes or workplaces?

DAVID SHARP, Paris.

If American rightist extremists bombed the Russian Embassy in, say, London or Paris, would that entitle Moscow to launch missiles against their base in Texas or a supplier in Seattle?

ROBIN THORNER, Glossop, England.

**A Cartoon Elegy**  
Of all the stories of sadness the IHT has reported in recent times, few surpass the passing of Doonsbury's (sadly) fictional congressman, Lacey Davenport.

It is truly a reflection of political life, not just in America but also throughout the world, that in the modern era, the person who sets the highest standards for decency and integrity in public life had to be found in a comic strip.

ANDREW BRUCE, Hong Kong.

IT'S THE DANGEROUS ADVENTURES OF THE LONE SUPER-POWER

By IAL in The Sun (Baltimore). Cart by Spindler.

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## Style

TOMORROW  
STAGE

# For Rent: 150 Years of Stars' Costumes

By Barbara Rosen

LONDON — If you've always dreamed of arriving at a glitzy party on the arm of Kevin Costner, would you settle for the arm of his suit?

For £60 (\$98), even the infamous can sport the very outfit Costner wore in the 1991 movie "Robin Hood: Prince of Thieves." Of course, so could numerous other guests at the same party: There were 10 identical outfits made for the movie, and "he was supposed to have worn all of them," says Emma Angel, manager of Angels & Bermans. "Costumers to the Entertainment Industry."

In a history that stretches back more than 150 years, Angels has decked out stars on stage and screen from Laurence Olivier in "Henry V" in 1944 to Nigel Hawthorne in "The Madness of King George" half a century later, from Elizabeth Taylor's "Cleopatra" (1963) to Judi Dench's Queen Victoria ("Mrs. Brown," 1997). Often, Angels simply rents the costumes out to a film, so they get them back in the end. And all 200,000 square feet (18,600 square meters) of it — some five miles of costume-laden railings — is available for hire through its shop in the heart of London's theaterland. There's also a Paris branch on Boulevard Voltaire.

The London shop boasts five floors of make-believe that ranges far beyond the threads themselves, from makeup, masks and false noses to turbans and tooth enamel. And there's much more behind the scenes: The main office in Camden stocks the lion's share of the goods.

If they don't have the original, they can re-create it, be it Sgt. Pepper or a Superhero. But if you absolutely must wear the actual garments that touched the stars, there is no shortage of choice.

You can find love as Julie Andrews in "The Sound of Music" (1965), or lose it like Julie Christie in "Doctor Zhivago" (1965). You can bumble in Peter Sellers' "Pink Panther" raincoat and hat, or smoothly down martinis in Pierce Brosnan's James Bond suits. You can nuzzle in Dench's Victorian weeds or dance in Billy Connolly's kilt from "Mrs. Brown," which won an award for its costumes.

Hollywood hype has a direct effect on customer demand, Angel said, and new releases send out ripples that move quickly. When "Austin Powers" (1997) came into the movie houses, everybody came into the shop for bell-bottoms, clashing shirts and velvet suits. The Jane Austen fad that accompanied "Sense and Sensibility" (1995) on the big screen and "Pride and Prejudice" on the little one made for a major Regency rush.

The wave that followed "Titanic" (1997) was positively tidal, Angel said, although Angels had clothed only the film's supporting cast. Everyone started throwing "Titanic" parties, she said.

But, as often happens with period pieces, not all prospective partyers were pleased with the results.

"They like it on Kate Winslett, but they don't like it on themselves," said Angel, explaining that today's bodies simply aren't built like they used to be. It's a common complaint among would-be flappers.

"Nineteen-twenties is great if you're a stick," she said, "but the minute you start putting breasts and hips in..."

Angels' costumes have appeared at all kinds of parties, from an Elton John birthday bash to a wedding where everyone came in medieval dress. For another wedding, they re-created the

happy couple as Batman and Catwoman.

Of course, pretending to be a star who's pretending to be someone else can get expensive, and you've got to be extra-careful with the wine glass when wearing a borrowed frock. Angels did the bridal gowns for "Four Weddings and a Funeral" (1994); the very dress Andie MacDowell finally chose to wear when marrying Corin Redgrave rents for about £400, and the big black hat she wore to another of the film's nuptials rents for £70 to £80.

One of Helen Mirren's grand gowns from "The Madness of King George" also rents in the £400 price range; add another £50 for a wig to go with it.

Annie Lennox came to Angels for the headdress that fronts her 1992 "Divine" album; it originally appeared in the 1983 James Bond flick "Octopussy," and rents for just £30. (All prices are before 17.5 percent value-added tax.) Hires are for one week and usually require a deposit of at least £100. Customers are responsible for any damage; insurance is available.

But while Angels can turn almost any adult into Alice in Wonderland or Red Riding Hood, they can't re-create the Von Trapp Family singers. Angels doesn't dress children.

Barbara Rosen is a free-lance journalist based in London.



Starstruck fans clamored for hell-bottoms and velvet suits after "Austin Powers," top, and period costumes from "The Madness of King George."



Among the attire for rent at Angels & Bermans in London, 18th-century costumes from "Sense and Sensibility."

## BOOKS

### NEW GHOSTS, OLD GHOSTS Prisons and Labor Reform Camps in China

By James Seymour and Richard Anderson. Forward by Fan Sidong. 313 pages. \$39.95. M.E. Sharpe.

Reviewed by Richard Bernstein

ONE reason China presents such a large human rights question is the very opacity of the country, its vastness and its inaccessibility to the outside world — even though things are a lot more visible today than they were in the past.

There is no doubt that some peaceful protesters, independent labor-union organizers and human-rights campaigners have been imprisoned. But how many?

And what can be said of conditions in the fabled labor camp system in the country's remote northwest? Does it, as some critics have said, produce a substantial portion of China's exports? Is it a vast state within a state in the spirit of the former Soviet Gulag Archipelago?

Those questions have never before received more careful answers than they get in "New Ghosts, Old Ghosts," James Seymour and Richard Anderson's important and timely examination of the Chinese prison system. The overall conclusion of those two respected experts on human rights in China may come as a surprise to those who have become accustomed to the image of China as a kind of post-Stalinist hell.

There is nothing in this book that would remove China from the list of countries with major human-rights violations. But Seymour and Anderson, while detailing abuses, correct many of the exaggerated visions of the Chinese picture, which, they argue, is bad but not nearly as bad as some have maintained.

Even at its worst, the *laogai* is not, as some have claimed, "the Chinese equivalent of the Soviet Gulag," they conclude. (*Laogai* is the Chinese expression for reform through labor and

is used in this book as a synonym for the Chinese prison system.) "The crudeness of China's judicial procedures does result in people sometimes being convicted of crimes by mistake," the authors continue. "Still, it must be said that the overwhelming majority of prisoners have been incarcerated for the same reasons they are in other countries: They are believed to have committed a crime. Only a tiny percentage of post-Mao-era *laogai* prisoners have been sentenced for political reasons." Moreover, addressing another issue that has been treated with more emotion than lucidity by other analysts, the authors of this book conclude that the *laogai* system is economically minuscule.

"Although much has been made of the economic importance of forced labor in China, in fact prison output makes no significant contribution to the gross domestic product," they conclude.

Seymour and Anderson concentrate on China's vast and sparsely populated northwest. These are the territories — Gansu and Qinghai provinces and the Xinjiang Autonomous Region — where large numbers of China's most notorious prison camps have been built, especially in the long, harsh years of Maoist dictatorship.

The authors warn early on that "the Chinese government's distortion, obfuscation and secrecy make it difficult to count many of China's penal institutions or to estimate how large each is."

Despite the difficulties, "New Ghosts, Old Ghosts" provides an impressively detailed portrait of prison conditions in each of the three areas.

Seymour and Anderson begin with a kind of walking tour of the several detention centers and *laogai* factories that one would see in Xinjiang, the major city of eastern Qinghai.

The authors estimate the number of prisoners in each area, the totals being large but far from Maoist or Stalinist in dimension. They estimate the Xinji-

ang prison population to be about 85,000, down from 160,000 in 1955. This would strongly indicate that the nationwide prison population is a small fraction of the 6 million to 8 million estimated by another human rights campaigner, Harry Wu. Among the prisoners in Xinjiang are a substantial number of political prisoners, especially Muslims who have been rounded up by Chinese police intent on suppressing separatist sentiment in Xinjiang, largely populated by Turkic-speaking Uighurs.

The serious human rights problem that Seymour and Anderson stress is not the size of the prison population nor that prisoners are made to work but their treatment, which is often abysmal.

In Xinjiang, they collect information on a "secret *laogai* operation known as the Gray (Huise) Uranium Mines," which they call "the grimmest *laogai* unit that our research turned up." The death rate in this camp, probably because of the radioactivity of the uranium ore mined there, is between 10 percent and 20 percent per year.

Other prisoners work in coal mines where "some become ill from black lung disease, but many do not live long enough to develop that malady, as safety conditions are atrocious."

This careful, sober study might well induce human rights activists to turn their attention away from the size of China's prison population to what the authors describe as the more fundamental concerns: "the substantial number of prisoners who do not belong there and the harshness of the conditions in the less well-managed institutions."

In reaching that overall conclusion, "New Ghosts, Old Ghosts" clears away both the pro-Chinese apologies and the anti-Chinese hysteria that has often surrounded this question, providing instead the most objective and dispassionate evaluation of the real situation that we are likely to have.

New York Times Service

## CHESS

By Robert Byrne

IGOR SHLIPERMAN won the Liebreich playoff against Michael Mulyar to take the 1998 United States Junior Championship title. The 18-year-old international master from Rego Park, Queens, will be seeded into the 1999 United States Championship.

In the two-game tiebreak, with 10 minutes for each player, Shliperman won the first and drew the second to down his 19-year-old rival from Westminster, Colorado.

In the final round, Shliperman came through to win from Mulyar, overtaking the leader and earning the right to contest the tiebreaker. Although Shliperman chose the challenging Benoni Defense, both players handled it in conservative style until Mulyar erred and got caught in a fatal trap late in the game.

The characteristic Benoni formation arises after 7...e4: White will attempt to achieve the central break with e5; Black will counter this by an advance of his queenside pawn majority; besides, either can adopt a strategy of restraint against the opponent's chief weapon. After it was popularized by the brilliant Tal and Fischer in the 1960's, it was later considered risky, but is now making a comeback.

With 10...Bg4 11 Bf4 Bf3 12 Bf3, Black exchanges off the white king knight, which could otherwise provide powerful support for the e5 advance. In a match in Leon, Spain, last year Ilescas Cordoba played 11...Qe7 against Anand, giving him the chance to keep his king knight with 12 Nd2 Be2 13 Qe2 and after 13...Nh5 14 Be3 Nd7 15 Rael, White had a slight superiority.

After 18 Bc2, the white king bishop was well placed, but it just took too long to get there. And Shliperman was already mobilizing his queenside pawn with 18...c4.

After 23 Nd4, with Mulyar threatening a crushing 24 Nc6, Shliperman had

to act quickly with 23...c3 24 bc bc 25 Qe2 (perhaps 25 Qd1 was better) Ne5.

Mulyar's 26 Nb5 was overconfident. After 26...Nc4!, he grabbed the annoying c pawn with 27 Ne3?, falling into 27...Ne3 28 Qe3 Ng4!

After 29 f3 Rc3 30 Bd3 Bb4!, Shliperman threatened a simultaneous attack on both the queen and the a7 rook. There was no remedy.

After 34...Ba7, Shliperman was a piece ahead and after 39...Re1 there was no defense against 40...Rf1. Mulyar gave up.

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## A Detour to a Fashion Haven

By Elizabeth Hayt  
New York Times Service

ATLANTA — On a sweltering Saturday in midsummer, when the department stores in many big cities were dead, Jeffrey Kalinsky's Atlanta mall boutique, which sells some of fashion's most desirable designs, was jammed with customers.

They were not bargain hunters at an end-of-summer sale, but style mavens in search of full-price fall clothing from Helmut Lang, Jil Sander and Comme des Garçons. The customers were so numerous that the stockroom, bathroom and manager's office served as dressing rooms. The floor was littered with Manolo Blahniks, the counters and benches piled high with castoff Lucien Pellat-Finet cashmere sweaters and sumptuous Dries van Noten skirts. It felt like the backstage commotion of a runway show, with women in mismatched outfits scrambling to pull jackets and pants off the racks.

"Come on, work yourself, girl," Kalinsky chided a customer, turning up the collar of a Prada coat she was trying on. Kalinsky, 35, a former shoe buyer for Barneys New York, arrived in Atlanta in 1990, a Pied Piper of high fashion, convinced that a desire for sophisticated apparel was not limited to Manhattan.

His insight, coupled with extraordinary personal attention to customers — he sometimes flies them to Europe to view runway shows with him — has built a mini-empire of fashionable clothing below the Mason-Dixon line.

He owns three stores: Jeffrey, a multi-designer boutique; Bob Ellis Shoes, a branch of his family's shoe-store chain, and a Jil Sander boutique. All are connected in Phipps Plaza, a mall on Peachtree Street in the Buckhead section of Atlanta.

"It is the opinion of most people in the fashion industry that if it's not in New York or L.A., then it doesn't exist," Kalinsky said. "We have a ton of people in Atlanta and everywhere who have good taste and want nice things. You'd be shocked where my customers come from — Dothan, Alabama, and Rome, Georgia. A woman in Mobile, Alabama, who has money buys from me. She goes to Barneys in New York, she calls Jil Sander in San Francisco and then she ultimately comes back to me because she realizes she doesn't have to go anywhere else."

With a reputation spread by word of mouth, even among fashion insiders in Manhattan, Kalinsky's stores make more than 50 percent of their multi-million-dollar yearly sales to out-of-town customers. He handpicks items with a customer's shape and tastes in mind, then sends off a package of clothes for her to try on. Other customers fly to Atlanta expressly to visit his shops.

"I came to Atlanta today only to shop," Ellen Carey said, standing before a mirror in an ivory Jil Sander skirt and sweater. Carey owns Seed, a wholesale and public relations company in New York for young clothing designers.

"It's been a well-kept secret," she said of Kalinsky's stores. "Jeffrey runs

around and encourages you to try things you'd never try. He has a total vision: the bag, the shoes and what else he's bought, and puts it together in an amazing way. The joy of Jeffrey is he does know what you want in New York."

She added, "Also, you feel really glamorous flying to Atlanta for the day in shop."

Jackie Reses, an investment banker at Goldman Sachs in New York, discovered Kalinsky's stores on a business trip. Now, she makes it a point to route her travel through Atlanta whenever possible. "I literally will go out of my way to go to the store if I'm in Atlanta," said Reses, who considers Kalinsky's shoe selection the best in the country. "If I were on a Delta flight going toward the South, I would stop in Atlanta for the store."

AFTER the 1994 Super Bowl and 1996 Olympics were held in Atlanta, Kalinsky's mailing list expanded to include visiting celebrities, musicians and athletes' wives.

"I probably buy half my wardrobe through him," said Ann Tenenbaum of Manhattan. "In New York, you can buy whatever you want, but it can be a hassle here. Jeffrey makes it easy. He sends me these huge boxes. In the beginning of the season, he could send me a box with 30 things in it, sometimes with an additional 10 pairs of shoes. It's like the store comes to you. I pick a few pieces and send the rest back."

Both immensely accommodating and shrewd at business, Kalinsky mails follow-up notes advising a customer how to wear her new purchases, answers late-night emergency phone calls about shoes and lavishes flowers and other gifts on preferred customers. He also trains his 28 employees in the art of personal service and requires them to attend Saturday-morning style clinics at the store, complete with a makeshift runway and models. "If I don't explain the clothes to my sales associates, how could they understand Comme des Garçons?" he said.

Bergdorf Goodman's president, Dawn Mello, said Kalinsky "really knows what people want to wear," adding: "He's up to the minute in the sense of style, but he's not extreme. It's right on target."

Taking customers with him to Europe for the fashion collections or paying for airline tickets for a shopping spree at his stores might seem extravagant, but it pays off. "To spend \$300 on a plane ticket for someone who spends \$16,000 — who cares?" Kalinsky exclaimed. "Free gift with purchase!"



Jeffrey Kalinsky has built a fashion mini-empire in an Atlanta mall.



## On the Ropes in Russia, 'Oligarchy' Fights Back

By David Hoffmann  
Washington Post Service

MOSCOW — The Russian financial crisis last week brought most of the big Moscow banks and wealthy tycoons to their knees. The devaluation of the ruble put some of Russia's preeminent financiers into insolvency, or near it.

On Sunday, the bankers and tycoons struck back.

In summoning Viktor Chernomyrdin to become acting prime minister, only five months after he had been dismissed, President Boris Yeltsin picked the favored choice of a coterie of politically active Russian magnates, known as the "oligarchy." Several of them have longed to appoint Mr. Chernomyrdin as successor to Mr. Yeltsin. And they clearly hope Mr. Chernomyrdin will bail out their ailing banks.

The Russian RTS index closed Monday 5.67 percent higher at 86.40. Mr. Yeltsin's abrupt decision is also the latest example of his increasingly erratic leadership in recent months. He has appeared confused and disoriented at times. He twice fired prime ministers and their governments. And he devalued the Russian ruble only three days after vowing not to do so.

Last week, Mr. Yeltsin stayed silent, not saying a word about the crisis, while the country's finances went up in smoke.

In his brief announcement Sunday night, Mr. Yeltsin offered no explanation for ousting Sergei Kiriyenko, 36, the provincial banker and oil executive

he appointed prime minister in March.

A government official who works closely with Mr. Kiriyenko said he offered his resignation when Mr. Yeltsin made the devaluation decision a week ago, but the president did not accept it.

However, the Kremlin maneuvering to replace Mr. Kiriyenko was well under way last week, even as he was being swamped by the currency crisis.

According to a well-informed source, Mr. Chernomyrdin met repeatedly last week with Valentin Yumashev, Mr. Yeltsin's chief of staff, to discuss a return to government.

Mr. Yumashev and Mr. Yeltsin's daughter, Tatiana Dyachenko, are the key gatekeepers for access to the president, and both have been close to Boris Berezovsky, an auto, oil and airline magnate who is often caudal about the political desires of the oligarchy.

For months, Mr. Berezovsky has been openly vowing to succeed Mr. Yeltsin, although Mr. Chernomyrdin's clumsy public style and mangled sentences have led political commentators to doubt whether he could win an election.

However, coming back as prime minister could help Mr. Chernomyrdin's prospects immensely.

Mr. Yeltsin named Mr. Chernomyrdin as acting prime minister. But he is expected to seek Parliament's confirmation of Mr. Chernomyrdin with full authority of the position.

Under the constitution, Mr. Chernomyrdin would become president temporarily if Mr. Yeltsin is incapacitated or resigns. An election would be held within three months.



A trader at the Interbank Currency Exchange in Moscow after a grim session on Monday as the ruble fell almost 2 percent in official trading.

Even if Mr. Yeltsin remains in office until the end of his term in the year 2000, Mr. Chernomyrdin will have a power base on which to build a campaign for the post.

Mr. Chernomyrdin's return is also just in time to help his patrons, who are in financial agony. "The oligarchy has been trying to get Chernomyrdin back for months," this source said. "They

See RUBLE, Page 13

## Hyundai Retreats In Duel With Union

Strike Settled, With Only 277 to Lose Jobs

By Don Kirk  
International Herald Tribune

SEOUL — Under pressure from the government, Hyundai Motor Co. agreed Monday to fire less than 20 percent of the workers it had planned to dismiss, giving in to strikers who have shut down its main plant in Ulsan for six weeks.

Hyundai Motor was the first South Korean manufacturer to try to dismiss workers under a law enacted this year that called for layoffs as part of the efforts by government, business and labor to adhere to an International Monetary Fund economic reform program.

Both management and labor viewed the settlement Monday as having a far-reaching impact on South Korea's efforts to restructure and revive its economy. Business leaders denounced it as setting a bad precedent for other companies' attempts to downsize, while labor representatives saw it as sending a signal to conglomerate leaders that workers could not be dismissed at will.

President Kim Dae Jung of South Korea was clearly relieved not to have had to order about 12,000 police posted outside the Hyundai compound to clear out the several thousand workers and their families encamped there. He sought to mollify angry business leaders by emphasizing that "the labor side has accepted the principle of layoffs."

But a Hyundai spokesman, Shin Hyun Kyu, said the agreement was "not satisfactory." He said the company had acted properly, laying off workers as prescribed by a new labor law, but that the union had "occupied the factory illegally and achieved their own goal even though they broke the law."

Under the agreement, hammered out during an all-night bargaining session in Ulsan that was supervised by the minister of labor, the chairman of Hyundai Motor, Chung Mong Gyu, reluctantly assented to dismissing only 277 of the 1,538 workers who were sent dismissal notices on July 30.

The workers who lost their jobs will receive severance pay of seven to nine months' salary, while the rest of the notified employees will be furloughed for eight months without salary and then given six months of training for new jobs. Sixty percent of the 277 who were let go were

women who had worked in kitchens on the compound.

"With this joint effort, we will do our best to normalize our factory," Mr. Chung said after shaking hands with the union leader, Kim Kwang Sik.

Standing beside them, Labor Minister Lee Ki Ho said, "Without involvement of the police, we have talked so the union and the company can solve the problem peacefully."

Kim Kwang Sik said he expected the union's 28,000 members to approve the pact by the end of the week. He agreed to 250 to 300 layoffs Friday, breaking an apparent impasse in talks arranged by members of the president's governing party.

Mr. Chung, in the final stages of negotiations, said Hyundai had to dismiss at least 500 workers amid a national economic crisis in which production at Hyundai, South Korea's largest motor vehicle maker, has fallen by more than half. The company, which has already dropped 6,750 of its 46,000 workers through voluntary retirement, suffered a net loss of 1.2 billion won (\$924,000) in the first six months of this year and expects to post its first annual loss in 27 years.

President Kim, who had advocated the layoffs law before his inauguration in February, hailed the settlement as "a great opportunity to form a new labor-management culture."

Mr. Shin, the Hyundai spokesman, said the company had lost production of 105,465 vehicles. He estimated total financial losses for the company at 905 billion won and losses for companies that make parts for Hyundai vehicles at 700 billion won.

"We are very, very much disappointed," said Bae Il Dong, deputy secretary-general of the Federation of Korean Industries. The settlement, he said, "will set some bad precedent in many aspects."

"It will influence efforts in current restructuring not only for private business but for many state-funded organizations," he said. "It will certainly hurt foreign investors."

David Young, vice president in charge of the Seoul office of Boston Consulting Co., agreed.

"I'm afraid it doesn't bode well," he said. "It is going to send a lot of wrong signals to international markets."

## Global Financial Crisis Now Rocks Latin America

By John Paul Rathbone  
Reuters

CARACAS — It's already been a long hard summer for Latin America's bruised stock markets, but the worst may be yet to come.

Despite rock-bottom prices, valuations are increasingly irrelevant in determining fair equity value, analysts said, as the region succumbs to generalized emerging-markets panic and fundamentals are increasingly ignored.

"The tone is not that positive," said Jose Gonzalez, Credit Suisse's Latin American strategist. "Despite some encouraging rebounds Friday on the Dow and in Brazil, nothing's fundamentally changed."

He added, "There's no reason to think we're heading to a rally."

Venezuela's devaluation fears triggered a sell-off in Latin American assets last week as the Russian and Asian currency crises threatened to take root in Latin soil.

U.S. fund managers, closing positions ahead of traditional vacations before Labor Day on Sept. 7, only added to the market gloom.

In the coming week, the ruble and yen will return to the driver's seat, setting sentiment for the region and emerging markets worldwide, with the outcome of Russia's ruble bond restructuring the key event to watch.

In Argentina, the market was expected to continue volatile and edgy with an eye abroad and only the possibility of bottom-fishing helping the bourse regain some of its lost ground.

The Merval index dropped 15.8 percent on the week to end at a 34-month low of 407.22 points, despite the economy's sound fundamentals. It edged up 0.14 percent on Monday.

In Brazil, traders said the market remained skittish, with investors fearing that Russian-style currency turmoil might take root in Latin America.

"If nothing is solved over the week-

end on either Russia's banking crisis or in Venezuela, I don't see how the market is going to get better this week," a Banco Santander trader said. "People are too afraid to buy."

The Bovespa index closed down 11 percent in the week at 7,764 points, its lowest level since January 1997, and fell a further 0.76 percent on Monday.

In Chile, worries about the peso, sparked by Venezuelan contagion, will headline concerns that the bolso may sink even further on the need for higher interest rates and tighter liquidity to defend the currency.

The IPSA index fell 10 percent last week to a new four-year low, closing at 72.83 points on Friday, before falling 1 percent further on Monday.

In Mexico, dealers forecast continuing volatility, although 3,150 is seen as a floor for the benchmark IPC index, according to Hector Jimenez, head of analysis at the Inverlat brokerage.

The market, down nearly 47 percent

so far this year, dropped 5 percent last week to end at 3,413.15 points, a 19-month low, and fell 0.31 percent further on Monday.

In Venezuela, the bolsa's IBC index, rattled by fears of a devaluation, dropped a stunning 22 percent last week to a 29-month low of 3,172.29 points, although it rallied 0.15 percent on Monday.

The market, Latin America's worst performing, has dropped more than 63 percent so far this year.

### MEDIA MARKETS

## Do-It-Yourself Law: Texas Objects

By Doreen Carvajal  
New York Times Service

BERKELEY, California — Within the rebellious corporate culture of Nolo Press, the publisher of do-it-yourself legal guides, scorn is a business tool mightier than any conventional marketing strategy.

The airy clockwork factory that houses the company here is decorated with fashionable "legal briefs" — baggy boxer shorts emblazoned with briefcase-toting sharks — and toasters declaring the defiant company motto: "Don't feed the lawyers. Just say Nolo."

Its warren of offices is inhabited by self-described recovering lawyers and white-shoe refugees who write and publish guides to the mysteries of the legal world — from preparing a will or seeking a divorce to fighting a traffic ticket or muzzling a neighbor's barking dog.

For 27 years, Nolo has thrived on

unrestrained hostility to pettifoggers. The desks of some Nolo executives contain treats of shark-shaped gummy lawyers and the company's award-winning Web site features a running list of lawyer jokes classified in 20 categories ranging from "Outrageous Fees" to "Lawyers as Crooks, Cheats and Felons."

This corporate philosophy has given Nolo a warrior's rhetoric in a rare turf battle that pits Nolo's irreverent founder and publisher, Ralph Warner, against a group of lawyers who believe only lawyers can practice law.

The lawyers are volunteers on special subcommittees appointed by the Supreme Court of Texas to investigate and stamp out what is formally called the unauthorized practice of law in the state. "I don't believe there's a constitutional right to practice law in the state of Texas," said Mark Ticer, the lawyer who is chairman of the Dallas subcommittee.

"As a general premise, everybody should have access to the legal system, but the question is: What are the rules and guidelines?"

Most often the targets of the subcommittees are advice-giving paralegals, who face the committee members in closed-door hearings, which determine whether the lawyers will unleash lawsuits against offenders. But in June of last year, a volunteer lawyer from the Houston subcommittee sent a certified letter to Nolo, notifying the company that its products were the subject of an investigation.

A handful of other publishers were also investigated, including Parsons Technology of Iowa, a unit of Broderbund Software Inc., which was eventually sued in federal court by the lawyers to halt sales of its Quicken Family Lawyer software. That lawsuit is pending, as are the hearings for other

See LAWYERS, Page 13

### CURRENCY & INTEREST RATES

Aug. 24									
Cross Rates									
Australian \$	2.04	1.39	1.32	1.34	1.34	1.34	1.34	1.34	1.34
British pound	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75
Canadian dollar	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50
French franc	16.66	16.66	16.66	16.66	16.66	16.66	16.66	16.66	16.66
German mark	1.93	1.93	1.93	1.93	1.93	1.93	1.93	1.93	1.93
Italian lira	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Japanese yen	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Spanish peseta	166.67	166.67	166.67	166.67	166.67	166.67	166.67	166.67	166.67
Swiss franc	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75
Thai baht	46.67	46.67	46.67	46.67	46.67	46.67	46.67	46.67	46.67
U.S. dollar	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Yen	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Aug. 24									
Libor-Libor Rates									
1-month	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
3-month	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
6-month	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
1-year	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Key Money Rates									
United States	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Discount rate	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Prime rate	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
90-day CD (annual)	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
180-day CD (annual)	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
ML 30-day R-A	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Other Dollar Values									
Australian \$	2.04	1.39	1.32	1.34	1.34	1.34	1.34	1.34	1.34
British pound	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75
Canadian dollar	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50
French franc	16.66	16.66	16.66	16.66	16.66	16.66	16.66	16.66	16.66
German mark	1.93	1.93	1.93	1.93	1.93	1.93	1.93	1.93	1.93
Italian lira	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Japanese yen	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Spanish peseta	166.67	166.67	166.67	166.67	166.67	166.67	166.67	166.67	166.67
Swiss franc	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75
Thai baht	46.67	46.67	46.67	46.67	46.67	46.67	46.67	46.67	46.67
U.S. dollar	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Yen	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Forward Rates									
30-day	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
90-day	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
180-day	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
1-year	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00

## HOW TO BUILD

Man was born to build and he aspires to pass on his accomplishments to future generations. That is why, when you build the home of your dreams, you wanted to make sure it would last for a long time. You called upon professionals who shared with you their valuable experience and advised you on the best materials. At Credit Lyonnais, you'll find such skilled specialists in the field of Private Banking. Get to know them. They know how to listen well, so you'll benefit fully from their in-depth experience to help make your plans for years to come a reality.

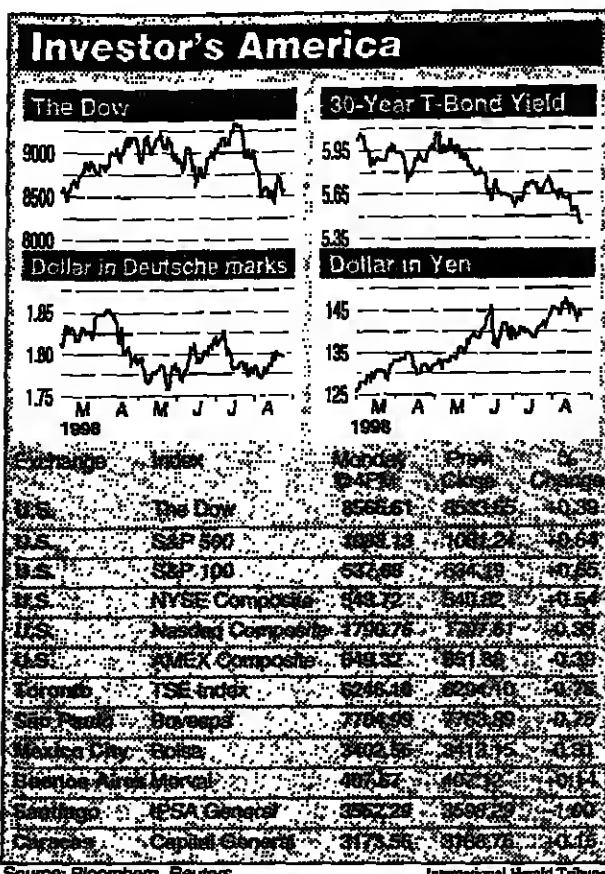
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## THE AMERICAS



## Very briefly:

- **Northrop Grumman Corp.**, whose merger with Lockheed Martin Corp. collapsed last month after the deal faced intense regulatory scrutiny, announced a restructuring that includes cutting 2,100 jobs by 2000.
- **Merrill Lynch & Co.** agreed to pay \$2 million to settle federal regulators' allegations of negligence arising from the 1994 bankruptcy of Orange County, California; Merrill neither admitted nor denied wrongdoing in the settlement.
- **AMP Inc.**, the manufacturer of electrical and electronic devices and systems, said it would go to federal court to try to stop AlliedSignal Inc. from placing representatives in the AMP board as part of a \$10 billion hostile takeover attempt.
- The foreign share of Japan's microchip market fell during the first three months of 1998 to 31.7 percent from 32.7 percent during the last quarter of 1997, U.S. officials said.
- **Calgon Carbon Corp.** suspended its plan to seek a sale of the company and said it would reorganize, cut costs, repurchase shares and search for a new chief executive.
- **Wendy's International Inc.** has named Coca-Cola Co. its exclusive soft-drink supplier for the next decade, locking out Coke's rival, PepsiCo Inc.

**The Trib Index**  
Jan. 1, 1992 = 100

Index	Level	Change	% change	Year to date % change
World Index	184.40	+0.27	+0.15	+7.14
Regional Indices				
Asia/Pacific	73.83	-0.66	-0.89	-23.15
Europe	219.63	+0.25	+0.11	+13.77
N. America	250.93	+1.23	+0.49	+16.18
S. America	96.88	-0.37	-0.38	-36.67
Industrial Indices				
Capital goods	251.79	-0.63	-0.25	+21.89
Consumer goods	224.82	+0.78	+0.35	+7.19
Energy	188.02	-0.83	-0.44	-4.59
Finance	128.82	-0.57	-0.44	+4.77
Miscellaneous	143.87	+1.79	+1.28	-4.01
Raw Materials	168.08	+0.70	+0.42	+0.51
Services	198.85	+2.58	+1.31	+14.08
Utilities	148.72	+0.38	+0.24	-10.28

The International Herald Tribune World Stock Index tracks the U.S. dollar value of 250 internationally investable stocks from 25 countries.  
Compiled by Bloomberg News.

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## AMEX

**Monday's 4 P.M. Close**  
The 200 most traded stocks of the day, up to the closing on Wall Street.  
The Associated Press.

Stock	Sale	High	Low	Latest	Chg
AA	100	100	100	100	0
AB	100	100	100	100	0
AC	100	100	100	100	0
AD	100	100	100	100	0
AE	100	100	100	100	0
AF	100	100	100	100	0
AG	100	100	100	100	0
AH	100	100	100	100	0
AI	100	100	100	100	0
AJ	100	100	100	100	0
AK	100	100	100	100	0
AL	100	100	100	100	0
AM	100	100	100	100	0
AN	100	100	100	100	0
AO	100	100	100	100	0
AP	100	100	100	100	0
AQ	100	100	100	100	0
AR	100	100	100	100	0
AS	100	100	100	100	0
AT	100	100	100	100	0
AV	100	100	100	100	0
AW	100	100	100	100	0
AX	100	100	100	100	0
AY	100	100	100	100	0
AZ	100	100	100	100	0
BA	100	100	100	100	0
BB	100	100	100	100	0
BC	100	100	100	100	0
BD	100	100	100	100	0
BE	100	100	100	100	0
BF	100	100	100	100	0
BG	100	100	100	100	0
BH	100	100	100	100	0
BI	100	100	100	100	0
BJ	100	100	100	100	0
BK	100	100	100	100	0
BL	100	100	100	100	0
BM	100	100	100	100	0
BN	100	100	100	100	0
BO	100	100	100	100	0
BP	100	100	100	100	0
BQ	100	100	100	100	0
BR	100	100	100	100	0
BS	100	100	100	100	0
BT	100	100	100	100	0
BV	100	100	100	100	0
BW	100	100	100	100	0
BX	100	100	100	100	0
BY	100	100	100	100	0
BZ	100	100	100	100	0
CA	100	100	100	100	0
CB	100	100	100	100	0
CC	100	100	100	100	0
CD	100	100	100	100	0
CE	100	100	100	100	0
CF	100	100	100	100	0
CG	100	100	100	100	0
CH	100	100	100	100	0
CI	100	100	100	100	0
CJ	100	100	100	100	0
CK	100	100	100	100	0
CL	100	100	100	100	0
CM	100	100	100	100	0
CN	100	100	100	100	0
CO	100	100	100	100	0
CP	100	100	100	100	0
CQ	100	100	100	100	0
CR	100	100	100	100	0
CS	100	100	100	100	0
CT	100	100	100	100	0
CV	100	100	100	100	0
CW	100	100	100	100	0
CX	100	100	100	100	0
CY	100	100	100	100	0
CZ	100	100	100	100	0
DA	100	100	100	100	0
DB	100	100	100	100	0
DC	100	100	100	100	0
DD	100	100	100	100	0
DE	100	100	100	100	0
DF	100	100	100	100	0
DG	100	100	100	100	0
DH	100	100	100	100	0
DI	100	100	100	100	0
DJ	100	100	100	100	0
DK	100	100	100	100	0
DL	100	100	100	100	0
DM	100	100	100	100	0
DN	100	100	100	100	0
DO	100	100	100	100	0
DP	100	100	100	100	0
DQ	100	100	100	100	0
DR	100	100	100	100	0
DS	100	100	100	100	0
DT	100	100	100	100	0
DV	100	100	100	100	0
DW	100	100	100	100	0
DX	100	100	100	100	0
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EA	100	100	100	100	0
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EE	100	100	100	100	0
EF	100	100	100	100	0
EG	100	100	100	100	0
EH	100	100	100	100	0
EI	100	100	100	100	0
EJ	100	100	100	100	0
EK	100	100	100	100	0
EL	100	100	100	100	0
EM	100	100	100	100	0
EN	100	100	100	100	0
EO	100	100	100	100	0
EP	100	100	100	100	0
EQ	100	100	100	100	0
ER	100	100	100	100	0
ES	100	100	100	100	0
ET	100	100	100	100	0
EV	100	100	100	100	0
EW	100	100	100	100	0
EX	100	100	100	100	0
EY	100	100	100	100	0
EZ	100	100	100	100	0
FA	100	100	100	100	0
FB	100	100	100	100	0
FC	100	100	100	100	0
FD	100	100	100	100	0
FE	100	100	100	100	0
FF	100	100	100	100	0
FG	100	100	100	100	0
FH	100	100	100	100	0
FI	100	100	100	100	0
FJ	100	100	100	100	0
FK	100	100	100	100	0
FL	100	100	100	100	0
FM	100	100	100	100	0
FN	100	100	100	100	0
FO	100	100	100	100	0
FP	100	100	100	100	0
FQ	100	100	100	100	0
FR	100	100	100	100	0
FS	100	100	100	100	0
FT	100	100	100	100	0
FV	100	100	100	100	0
FW	100	100	100	100	0
FX	100	100	100	100	0
FY	100	100	100	100	0
FZ	100	100	100	100	0
GA	100	100	100	100	0
GB	100	100	100	100	0
GC	100	100	100	100	0
GD	100	100	100	100	0
GE	100	100	100	100	0
GF	100	100	100	100	0
GG	100	100	100	100	0
GH	100	100	100	100	0
GI	100	100	100	100	0
GJ	100	100	100	100	0
GK	100	100	100	100	0
GL	100	100	100	100	0
GM	100	100	100	100	0
GN	100	100	100	100	0
GO	100	100	100	100	0
GP	100	100	100	100	0
GQ	100	100	100	100	0
GR	100	100	100	100	0
GS	100	100	100	100	0
GT	100	100	100	100	0
GV	100	100	100	100	0
GW	100	100	100	100	0
GX	100	100	100	100	0
GY	100	100	100	100	0
GZ	100	100	100	100	0
HA	100	100	100	100	0
HB	100	100	100	100	0
HC	100	100	100	100	0
HD	100	100	100	100	0
HE	100	100	100	100	0
HF	100	100	100	100	0
HG	100	100	100	100	0
HH	100	100	100	100	0
HI	100	100	100	100	0
HJ	100	100	100	100	0
HK	100	100	100	100	0
HL	100	100	100	100	0
HM	100	100	100	100	0
HN	100	100	100	100	0
HO	100	100	100	100	0
HP	100	100	100	100	0
HQ	100	100	100	100	0
HR	100	100	100	100	0
HS	100	100	100	100	0
HT	100	100	100	100	0
HV	100	100	100	100	0
HW	100	100	100	100	0
HX	100	100	100	100	0
HY	100	100	100	100	0
HZ	100	100	100	100	0
IA	100	100	100	100	0
IB	100	100	100	100	0
IC	100	100	100	100	0
ID	100	100	100	100	0
IE	100	100	100	100	0
IF	100	100	100	100	0
IG	100	100	100	100	0
IH	100	100	100	100	0
II	100	100	100	100	0
IJ	100	100	100	100	0
IK	100	100	100	100	0
IL	100	100	100	100	0
IM	100	100	100	100	0
IN	100	100	100	100	0
IO	100	100	100	100	0
IP	100	100	100	100	0
IQ	100	100	100	100	0
IR	100	100	100	100	0
IS	100	100	100	100	0
IT	100	100	100	100	0
IV	100	100	100	100	0
IW	100	100	100	100	0
IX	100	100	100	100	0
IY	100	100	100	100	0
IZ	100	100	100	100	0
JA	100	100	100	100	0
JB	100	100	100	100	0
JC	100	100	100	100	0
JD	100	100	100	100	0
JE	100	100	100	100	0
JF	100	100	100	100	0
JG	100	100	100	100	0
JH	100	100	100	100	0
JI	100	100	100	100	0
JJ	100	100	100	100	0
JK	100	100	100	100	0
JL	100	100	100	100	0
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JN	100	100	100	100	0
JO	100	100	100	100	0
JP	100	100	100	100	0
JQ	100	100	100	100	0
JR	100	100	100	100	0
JS	100	100	100	100	0
JT	100	100	100	100	0
JV	100	100	100	100	0
JW	100	100	100	100	0
JX	100	100	100	100	0
JY	100	100	100	100	0
JZ	100	100	100	100	0
KA	100	100	100	100	0
KB	100	100	100	100	0
KC	100	100	100	100	0
KD	100	100	100	100	0
KE	100	100	100	100	0
KF	100	100	100	100	0
KG	100	100	100	100	0
KH</					



## EUROPE

# BA Purchase Of at Least 59 Airbus Planes Is Expected

By Bloomberg News

PARIS — British Airways PLC is expected to announce Tuesday a decision to buy 59 Airbus Industrie planes, with options for up to 200 more, breaking its longtime record as a Boeing-only customer, two people familiar with the decision said Monday.

The order, worth as much as \$1.1 billion if all options are exercised, is expected to be a victory for the European plane maker, which has struggled to win Europe's largest airline as a customer.

An Airbus spokesman said he understood that BA would make a final decision Monday on whether to pick Airbus or Boeing for equipping its short-haul fleet. The spokesman made no further comment.

A BA purchase of Airbus planes would be a blow to Boeing Co.'s plans for its revamped 737 to directly compete with Airbus. While Boeing remains the clear market leader, Airbus, which has traditionally held 30 percent of the market for commercial aircraft, won 45 percent of new firm orders last year.

Airbus has called a news conference for Tuesday in Toulouse, at which Prime Minister Tony Blair of Britain will be present. The invitation did not mention BA, and the plane maker declined to say whether the subject of the conference would be BA's order.

The British carrier has never purchased an Airbus plane even though British Aerospace is a partner in the Airbus partnership, along with Daimler-Benz Aerospace AG of Germany and Construcciones Aeronauticas de Spain.

BA is also widely expected to place an order with Boeing for wide-bodied planes in the coming days.

On Aug. 10, BA's chief executive, Bob Ayling, indicated the airline was likely to buy more Boeing 777 jetliners, the latest sign it is moving away from jumbo 747s as recession in Asia crimps industry growth.

# Pfizer to Focus on Obesity Drug

Compiled by Our Staff From Dispatches

LONDON — One of Britain's smallest drug research companies, Phytopharm PLC, got a major lift Monday when the U.S. giant Pfizer Inc. signed a deal to develop an obesity treatment based on a South African plant.

Shares in Phytopharm, which have risen sharply in recent weeks on speculation about a deal, closed up 0.95 pence, or 11 pence, at £1.27.

Pfizer, the maker of the blockbuster impotence drug Viagra, will pay Phytopharm as much as \$39 million to develop P57, an appetite-suppressant derived from extracts of a plant developed by South Africa's Council for Scientific and Industrial Research.

The backing of Pfizer is a major coup for Phytopharm, which has often been mocked for its plant-based approach to drug research. Phytopharm specializes in making medicines from ancient herbal remedies, of which the most advanced is a treatment for eczema, a skin condition.

"I think this is a milestone," said Richard Dixey, the chief executive of Phytopharm.

Although Phytopharm's obesity drug has not been tested in humans, analysts said there is strong anecdotal evidence of its effectiveness as an appetite suppressant, as well as powerful animal data.

Perhaps most importantly, the product appears to have few side effects — a major advantage in a market which has seen a number of drugs withdrawn in recent months because of health scares.

Obesity is becoming a major target for drug companies. The U.S. market alone is already thought to be worth around \$3 billion a year, with up to 65 million Americans estimated to be obese.

"Everyone wants to have an anti-obesity product because basically there is nothing effective out there, and the market potential probably dwarfs Viagra — that is not an exaggeration," one analyst said.

The obesity-drug market is still largely dominated by older, generic drugs after American Home Products Corp. and Intereuron Pharmaceuticals Inc. last year withdrew their treatments because they were linked to heart valve problems.

The Pfizer deal has raised hopes of other major partnerships — in addition to P57, Phytopharm is working on plant-based medicines for areas including arthritis, baldness and Alzheimer's disease. Mr. Dixey said Phytopharm was in talks with Pfizer and other companies of similar caliber to the U.S. giant.

(Reuters, Bloomberg)

# EMI Weighs PolyGram Film Unit Bid

Compiled by Our Staff From Dispatches

LONDON — EMI Group PLC said Monday that it may return to the movie business by buying PolyGram's film division, but analysts warned that the music giant should avoid Hollywood.

EMI, which quit the movie industry 12 years ago — said it was considering a bid for PolyGram Film Entertainment, the loss-making film arm that is being sold by Seagram Co.

The company's statement came after The Sunday Times reported that EMI was set to emerge as the front-runner for PolyGram Film Entertainment, which has produced global hits such as "Four Weddings and a Funeral" and "Bean."

"EMI regularly reviews acquisition opportunities and confirms that it is one of a number of parties considering the possible acquisition of PFE," the company said, adding that its plan was still in the early stages.

EMI's interest comes as it struggles to bolster music sales in Asia and Latin America and revive earnings. The PolyGram film unit, whose film library is considered its most valuable asset, could sell for as little as \$650 million, analysts said.

But concern that the loss-making business could weigh on EMI earnings sent the company's shares tumbling 7 percent Monday, to 480 pence (\$7.86).

Analysts said that the company should focus on improving its core music business rather than branching into movie-making.

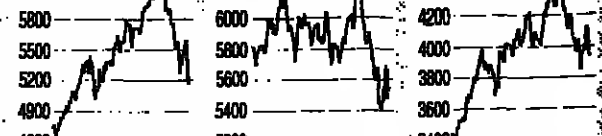
"There is no operational synergy between the film and music businesses," an analyst said. "There's a slightly warm and fluffy managerial-talent-and-content type strategic angle, but they are very different businesses."

Widening losses at PolyGram's film unit were partly responsible for an 85 percent drop in the Dutch company's second-quarter profit. The division, like other studios, has been unable to recoup even-swelling budgets.

Seagram agreed to pay \$10.4 billion for PolyGram in June and has said it wants to sell the film business to help cover the costs of acquiring PolyGram.

(Reuters, Bloomberg)

# Investor's Europe



Exchange	Index	Monday Close	Previous Close
Amsterdam	AEX	1,738.35	1,735.15
Brussels	BEL 20	3,382.35	3,377.15
Frankfurt	DAX	5,234.85	5,185.15
Copenhagen	Stock Market	655.41	657.15
Helsinki	HEX General	4,782.44	4,722.94
Oslo	OBX	570.25	568.75
London	FTSE 100	5,583.75	5,577.00
Madrid	Stock Exchange	3,812.25	3,803.25
Paris	CAC 40	3,537.43	3,530.35
Stockholm	STX 15	3,597.75	3,580.35
Munich	ATX	1,282.17	1,281.31
Zurich	SPI	4,558.00	4,558.00

Source: Reuters

International Herald Tribune

Very briefly:

- Cofit Telecom Group PLC, a British provider of corporate telecommunications services, plans to split its ordinary shares on a four-for-one basis on Sept. 2.
- German inflation showed signs of slowing as the states of North Rhine-Westphalia and Bavaria both reported that consumer prices fell 0.1 percent in August from July.
- Degussa AG dropped 1 percent, to 91.90 Deutsche marks (\$51.10), after Holocaust survivors filed a class-action suit in U.S. District Court in Newark, New Jersey, arguing the company melted down gold from the teeth of victims and produced the gas used to kill prisoners in concentration camps.
- Iridium LLC, the global satellite-phone service, said it signed a contract allowing Telia AB, the Swedish national phone company, to market its service in Sweden and Finland.
- Allied Domecq PLC, the world's second-largest spirits maker after Diageo PLC, plans to take an additional £115 million (\$187.6 million) in one-time charges in fiscal 1998 after it shed assets and revalued puts.
- Mayflower Corp., a British maker of vehicle bodies, has agreed to buy about 40 percent of Metrotrans Corp. of the United States for about £15.3 million in cash.
- Royal Ahold NV, the Dutch supermarket company, plans to issue shares worth 4 billion guilders (\$1.97 billion) to finance the acquisition of the U.S. supermarket chain Giant Food Inc. Details of the offering will be given in the preliminary prospectus, which will be available Sept. 8.
- The National Bank of Belgium's business confidence index, based on a survey of executives in manufacturing, trading and construction, fell to minus 2.5 in July from minus 1.3 in June, the central bank said.

Bloomberg, Reuters

# WORLD STOCK MARKETS

Monday, Aug. 24

Daily prices in local currencies

High Low Close Prev.

Amsterdam

AEX Index: 1,738.35

Previous: 1,735.15

Frankfurt

DAX Index: 5,234.85

Previous: 5,185.15

London

FTSE 100 Index: 5,583.75

Previous: 5,577.00

Paris

CAC 40 Index: 3,537.43

Previous: 3,530.35

Stockholm

STX 15 Index: 3,597.75

Previous: 3,580.35

Munich

ATX Index: 1,282.17

Previous: 1,281.31

Zurich

SPI Index: 4,558.00

Previous: 4,558.00

Vienna

ATX Index: 1,282.17

Previous: 1,281.31

Wellington

KSE-40 Index: 1,282.17

Previous: 1,281.31

Stock prices in Buenos Aires were not available Monday due to a continuing technical problem at the source.

# Costs Linked to Channel Deal Increase Loss at Stena Line

Compiled by Our Staff From Dispatches

STOCKHOLM — The Swedish ferry operator Stena Line AB on Monday posted a loss for the first six months of 1998 and said it expected a loss for the full year.

Stena said costs linked to a new joint venture contributed to a first-half loss of 438 million kronor (\$53.5 million), compared with a loss of 413 million kronor a year ago. Sales fell to 3.42 billion kronor from 4.27 billion kronor.

Stena Line and Peninsular Oriental Steam Navigation PLC of Britain agreed to combine their English Channel ferry lines to fend off a price war sparked by the 1994 entry into the market of Eurotunnel PLC. European Union and British regulators cleared the venture in November. The P&O Stena Line venture cut profit at Stena Line by 64 million kronor as revenue from channel crossings was transferred to the venture.

Stena also said that the European Union's ban of duty-free sales due to take effect next year had forced it to make management changes.

"Management will be cut and

heads of affected divisions will leave the company," it said.

Stena said its first-half results also were hurt by transport strikes in Denmark and Norway.

Stena's total passenger volume fell 3 percent, to 4.244 million passenger in the first half, while freight volume fell 1 percent.

Stena said the total freight market over the English Channel continued to be volatile but prices had stabilized at levels that were higher than in 1997.

However, the company said that structural changes on operations over the English Channel would burden 1998 results and significant cost savings would not be apparent before 1999.

Freight volumes counted by trucks, trailers and railroad cars decreased by 1 percent, to 350,000 units.

On British routes, freight volume fell 3 percent, to 182,000 units, mainly because of increased competition but also because of lower capacity between Scotland and Belfast and between the Netherlands and Britain.

(Reuters, Bloomberg)

# Norway Raises Two Key Rates

Reuters

OSLO — The central bank of Norway raised key interest rates Monday by 1 percentage point, its seventh increase this year, to defend a currency battered by low oil prices.

Norges Bank raised the overnight lending rate to 10 percent from 9 percent and the deposit rate to 8 percent from 7 percent, effective Tuesday. But it signaled that it would not increase rates further, saying that for now it would no longer use its monetary policy instruments.

The central bank has been under pressure to raise rates after the krona plunged to a six-year low against the European currency unit Monday, despite a rate increase Friday.

Against an index of the currencies included in the European currency unit, the Euro rose to 107.28 kronor from 105.95 on Friday. The krona has not been so weak since Norges Bank gave up defending its peg to the Ecu in 1992.

(Reuters, Bloomberg)

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Nationwide prices not reflecting late trades elsewhere.  
The Associated Press.

[illegible][illegible][illegible]

1914	1915	1916	1917	1918	1919	1920	1921	1922	1923	1924	1925	1926	1927	1928	1929	1930	1931	1932	1933	1934	1935	1936	1937	1938	1939	1940	1941	1942	1943	1944	1945	1946	1947	1948	1949	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064	2065	2066	2067	2068	2069	2070	2071	2072	2073	2074	2075	2076	2077	2078	2079	2080	2081	2082	2083	2084	2085	2086	2087	2088	2089	2090	2091	2092	2093	2094	2095	2096	2097	2098	2099	2100	2101	2102	2103	2104	2105	2106	2107	2108	2109	2110	2111	2112	2113	2114	2115	2116	2117	2118	2119	2120	2121	2122	2123	2124	2125	2126	2127	2128	2129	2130	2131	2132	2133	2134	2135	2136	2137	2138	2139	2140	2141	2142	2143	2144	2145	2146	2147	2148	2149	2150	2151	2152	2153	2154	2155	2156	2157	2158	2159	2160	2161	2162	2163	2164	2165	2166	2167	2168	2169	2170	2171	2172	2173	2174	2175	2176	2177	2178	2179	2180	2181	2182	2183	2184	2185	2186	2187	2188	2189	2190	2191	2192	2193	2194	2195	2196	2197	2198	2199	2200	2201	2202	2203	2204	2205	2206	2207	2208	2209	2210	2211	2212	2213	2214	2215	2216	2217	2218	2219	2220	2221	2222	2223	2224	2225	2226	2227	2228	2229	2230	2231	2232	2233	2234	2235	2236	2237	2238	2239	2240	2241	2242	2243	2244	2245	2246	2247	2248	2249	2250	2251	2252	2253	2254	2255	2256	2257	2258	2259	2260	2261	2262	2263	2264	2265	2266	2267	2268	2269	2270	2271	2272	2273	2274	2275	2276	2277	2278	2279	2280	2281	2282	2283	2284	2285	2286	2287	2288	2289	2290	2291	2292	2293	2294	2295	2296	2297	2298	2299	2300	2301	2302	2303	2304	2305	2306	2307	2308	2309	2310	2311	2312	2313	2314	2315	2316	2317	2318	2319	2320	2321	2322	2323	2324	2325	2326	2327	2328	2329	2330	2331	2332	2333	2334	2335	2336	2337	2338	2339	2340	2341	2342	2343	2344	2345	2346	2347	2348	2349	2350	2351	2352	2353	2354	2355	2356	2357	2358	2359	2360	2361	2362	2363	2364	2365	2366	2367	2368	2369	2370	2371	2372	2373	2374	2375	2376	2377	2378	2379	2380	2381	2382	2383	2384	2385	2386	2387	2388	2389	2390	2391	2392	2393	2394	2395	2396	2397	2398	2399	2400	2401	2402	2403	2404	2405	2406	2407	2408	2409	2410	2411	2412	2413	2414	2415	2416	2417	2418	2419	2420	2421	2422	2423	2424	2425	2426	2427	2428	2429	2430	2431	2432	2433	2434	2435	2436	2437	2438	2439	2440	2441	2442	2443	2444	2445	2446	2447	2448	2449	2450	2451	2452	2453	2454	2455	2456	2457	2458	2459	2460	2461	2462	2463	2464	2465	2466	2467	2468	2469	2470	2471	2472	2473	2474	2475	2476	2477	2478	2479	2480	2481	2482	2483	2484	2485	2486	2487	2488	2489	2490	2491	2492	2493	2494	2495	2496	2497	2498	2499	2500	2501	2502	2503	2504	2505	2506	2507	2508	2509	2510	2511	2512	2513	2514	2515	2516	2517	2518	2519	2520	2521	2522	2523	2524	2525	2526	2527	2528	2529	2530	2531	2532	2533	2534	2535	2536	2537	2538	2539	2540	2541	2542	2543	2544	2545	2546	2547	2548	2549	2550	2551	2552	2553	2554	2555	2556	2557	2558	2559	2560	2561	2562	2563	2564	2565	2566	2567	2568	2569	2570	2571	2572	2573	2574	2575	2576	2577	2578	2579	2580	2581	2582	2583	2584	2585	2586	2587	2588	2589	2590	2591	2592	2593	2594	2595	2596	2597	2598	2599	2600	2601	2602	2603	2604	2605	2606	2607	2608	2609	2610	2611	2612	2613	2614	2615	2616	2617	2618	2619	2620	2621	2622	2623	2624	2625	2626	2627	2628	2629	2630	2631	2632	2633	2634	2635	2636	2637	2638	2639	2640	2641	2642	2643	2644	2645	2646	2647	2648	2649	2650	2651	2652	2653	2654	2655	2656	2657	2658	2659	2660	2661	2662	2663	2664	2665	2666	2667	2668	2669	2670	2671	2672	2673	2674	2675	2676	2677	2678	2679	2680	2681	2682	2683	2684	2685	2686	2687	2688	2689	2690	2691	2692	2693	2694	2695	2696	2697	2698	2699	2700	2701	2702	2703	2704	2705	2706	2707	2708	2709	2710	2711	2712	2713	2714	2715	2716	2717	2718	2719	2720	2721	2722	2723	2724	2725	2726	2727	2728	2729	2730	2731	2732	2733	2734	2735	2736	2737	2738	2739	2740	2741	2742	2743	2744	2745	2746	2747	2748	2749	2750	2751	2752	2753	2754	2755	2756	2757	2758	2759	2760	2761	2762	2763	2764	2765	2766	2767	2768	2769	2770	2771	2772	2773	2774	2775	2776	2777	2778	2779	2780	2781	2782	2783	2784	2785	2786	2787	2788	2789	2790	2791	2792	2793	2794	2795	2796	2797	2798	2799	2800	2801	2802	2803	2804	2805	2806	2807	2808	2809	2810	2811	2812	2813	2814	2815	2816	2817	2818	2819	2820	2821	2822	2823	2824	2825	2826	2827	2828	2829	2830	2831	2832	2833	2834	2835	2836	2837	2838	2839	2840	2841	2842	2843	2844	2845	2846	2847	2848	2849	2850	2851	2852	2853	2854	2855	2856	2857	2858	2859	2860	2861	2862	2863	2864	2865	2866	2867	2868	2869	2870	2871	2872	2873	2874	2875	2876	2877	2878	2879	2880	2881	2882	2883	2884	2885	2886	2887	2888	2889	2890	2891	2892	2893	2894	2895	2896	2897	2898	2899	2900	2901	2902	2903	2904	2905	2906	2907	2908	2909	2910	2911	2912	2913	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Albany	N.Y.	1900	19,000	1.0	19,000	
Albany	N.Y.	1910	21,000	1.0	21,000	
Albany	N.Y.	1920	23,000	1.0	23,000	
Albany	N.Y.	1930	25,000	1.0	25,000	
Albany	N.Y.	1940	27,000	1.0	27,000	
Albany	N.Y.	1950	29,000	1.0	29,000	
Albany	N.Y.	1960	31,000	1.0	31,000	
Albany	N.Y.	1970	33,000	1.0	33,000	
Albany	N.Y.	1980	35,000	1.0	35,000	
Albany	N.Y.	1990	37,000	1.0	37,000	
Albany	N.Y.	2000	39,000	1.0	39,000	
Albany	N.Y.	2010	41,000	1.0	41,000	
Albany	N.Y.	2020	43,000	1.0	43,000	
Albany	N.Y.	2030	45,000	1.0	45,000	
Albany	N.Y.	2040	47,000	1.0	47,000	
Albany	N.Y.	2050	49,000	1.0	49,000	
Albany	N.Y.	2060	51,000	1.0	51,000	
Albany	N.Y.	2070	53,000	1.0	53,000	
Albany	N.Y.	2080	55,000	1.0	55,000	
Albany	N.Y.	2090	57,000	1.0	57,000	
Albany	N.Y.	2100	59,000	1.0	59,000	
Albany	N.Y.	2110	61,000	1.0	61,000	
Albany	N.Y.	2120	63,000	1.0	63,000	
Albany	N.Y.	2130	65,000	1.0	65,000	
Albany	N.Y.	2140	67,000	1.0	67,000	
Albany	N.Y.	2150	69,000	1.0	69,000	
Albany	N.Y.	2160	71,000	1.0	71,000	
Albany	N.Y.	2170	73,000	1.0	73,000	
Albany	N.Y.	2180	75,000	1.0	75,000	
Albany	N.Y.	2190	77,000	1.0	77,000	
Albany	N.Y.	2200	79,000	1.0	79,000	
Albany	N.Y.	2210	81,000	1.0	81,000	
Albany	N.Y.	2220	83,000	1.0	83,000	
Albany	N.Y.	2230	85,000	1.0	85,000	
Albany	N.Y.	2240	87,000	1.0	87,000	
Albany	N.Y.	2250	89,000	1.0	89,000	
Albany	N.Y.	2260	91,000	1.0	91,000	
Albany	N.Y.	2270	93,000	1.0	93,000	
Albany	N.Y.	2280	95,000	1.0	95,000	
Albany	N.Y.	2290	97,000	1.0	97,000	
Albany	N.Y.	2300	99,000	1.0	99,000	
Albany	N.Y.	2310	101,000	1.0	101,000	
Albany	N.Y.	2320	103,000	1.0	103,000	
Albany	N.Y.	2330	105,000	1.0	105,000	
Albany	N.Y.	2340	107,000	1.0	107,000	
Albany	N.Y.	2350	109,000	1.0	109,000	
Albany	N.Y.	2360	111,000	1.0	111,000	
Albany	N.Y.	2370	113,000	1.0	113,000	
Albany	N.Y.	2380	115,000	1.0	115,000	
Albany	N.Y.	2390	117,000	1.0	117,000	
Albany	N.Y.	2400	119,000	1.0	119,000	
Albany	N.Y.	2410	121,000	1.0	121,000	
Albany	N.Y.	2420	123,000	1.0	123,000	
Albany	N.Y.	2430	125,000	1.0	125,000	
Albany	N.Y.	2440	127,000	1.0	127,000	
Albany	N.Y.	2450	129,000	1.0	129,000	
Albany	N.Y.	2460	131,000	1.0	131,000	
Albany	N.Y.	2470	133,000	1.0	133,000	
Albany	N.Y.	2480	135,000	1.0	135,000	
Albany	N.Y.	2490	137,000	1.0	137,000	
Albany	N.Y.	2500	139,000	1.0	139,000	
Albany	N.Y.	2510	141,000	1.0	141,000	
Albany	N.Y.	2520	143,000	1.0	143,000	
Albany	N.Y.	2530	145,000	1.0	145,000	
Albany	N.Y.	2540	147,000	1.0	147,000	
Albany	N.Y.	2550	149,000	1.0	149,000	
Albany	N.Y.	2560	151,000	1.0	151,000	
Albany	N.Y.	2570	153,000	1.0	153,000	
Albany	N.Y.	2580	155,000	1.0	155,000	
Albany	N.Y.	2590	157,000	1.0	157,000	
Albany	N.Y.	2600	159,000	1.0	159,000	
Albany	N.Y.	2610	161,000	1.0	161,000	
Albany	N.Y.	2620	163,000	1.0	163,000	
Albany	N.Y.	2630	165,000	1.0	165,000	
Albany	N.Y.	2640	167,000	1.0	167,000	
Albany	N.Y.	2650	169,000	1.0	169,000	
Albany	N.Y.	2660	171,000	1.0	171,000	
Albany	N.Y.	2670	173,000	1.0	173,000	
Albany	N.Y.	2680	175,000	1.0	175,000	
Albany	N.Y.	2690	177,000	1.0	177,000	
Albany	N.Y.	2700	179,000	1.0	179,000	
Albany	N.Y.	2710	181,000	1.0	181,000	
Albany	N.Y.	2720	183,000	1.0	183,000	
Albany	N.Y.	2730	185,000	1.0	185,000	
Albany	N.Y.	2740	187,000	1.0	187,000	
Albany	N.Y.	2750	189,000	1.0	189,000	
Albany	N.Y.	2760	191,000	1.0	191,000	
Albany	N.Y.	2770	193,000	1.0	193,000	
Albany	N.Y.	2780	195,000	1.0	195,000	
Albany	N.Y.	2790	197,000	1.0	197,000	
Albany	N.Y.	2800	199,000	1.0	199,000	
Albany	N.Y.	2810	201,000	1.0	201,000	
Albany	N.Y.	2820	203,000	1.0	203,000	
Albany	N.Y.	2830	205,000	1.0	205,000	
Albany	N.Y.	2840	207,000	1.0	207,000	
Albany	N.Y.	2850	209,000	1.0	209,000	
Albany	N.Y.	2860	211,000	1.0	211,000	
Albany	N.Y.	2870	213,000	1.0	213,000	
Albany	N.Y.	2880	215,000	1.0	215,000	
Albany	N.Y.	2890	217,000	1.0	217,000	
Albany	N.Y.	2900	219,000	1.0	219,000	
Albany	N.Y.	2910	221,000	1.0	221,000	
Albany	N.Y.	2920	223,000	1.0	223,000	
Albany	N.Y.	2930	225,000	1.0	225,000	
Albany	N.Y.	2940	227,000	1.0	227,000	
Albany	N.Y.	2950	229,000	1.0	229,000	
Albany	N.Y.	2960	231,000	1.0	231,000	
Albany	N.Y.	2970	233,000	1.0	233,000	
Albany	N.Y.	2980	235,000	1.0	235,000	
Albany	N.Y.	2990	237,000	1.0	237,000	
Albany	N.Y.	3000	239,000	1.0	239,000	
Albany	N.Y.	3010	241,000	1.0	241,000	
Albany	N.Y.	3020	243,000	1.0	243,000	
Albany	N.Y.	3030	245,000	1.0	245,000	
Albany	N.Y.	3040	247,000	1.0	247,000	
Albany	N.Y.	3050	249,000	1.0	249,000	
Albany	N.Y.	3060	251,000	1.0	251,000	
Albany	N.Y.	3070	253,000	1.0	253,000	
Albany	N.Y.	3080	255,000	1.0	255,000	
Albany	N.Y.	3090	257,000	1.0	257,000	
Albany	N.Y.	3100	259,000	1.0	259,000	
Albany	N.Y.	3110	261,000	1.0	261,000	
Albany	N.Y.	3120	263,000	1.0	263,000	
Albany	N.Y.	3130	265,000	1.0	265,000	
Albany	N.Y.	3140	267,000	1.0	267,000	
Albany	N.Y.	3150	269,000	1.0	269,000	
Albany	N.Y.	3160	271,000	1.0	271,000	
Albany	N.Y.	3170	273,000	1.0	273,000	
Albany	N.Y.	3180	275,000	1.0	275,000	
Albany	N.Y.	3190	277,000	1.0	277,000	
Albany	N.Y.	3200	279,000	1.0	279,000	
Albany	N.Y.	3210	281,000	1.0	281,000	
Albany	N.Y.	3220	283,000	1.0	283,000	
Albany	N.Y.	3230	285,000	1.0	285,000	
Albany	N.Y.	3240	287,000	1.0	287,000	
Albany	N.Y.	3250	289,000	1.0	289,000	
Albany	N.Y.	3260	291,000	1.0	291,000	
Albany	N.Y.	3270	293,000	1.0	293,000	
Albany	N.Y.	3280	295,000	1.0	295,000	
Albany	N.Y.	3290	297,000	1.0	297,000	
Albany	N.Y.	3300	299,000	1.0	299,000	
Albany	N.Y.	3310	301,000	1.0	301,000	
Albany	N.Y.	3320	303,000	1.0	303,000	
Albany	N.Y.	3330	305,000	1.0	305,000	
Albany	N.Y.	3340	307,000	1.0	307,000	
Albany	N.Y.	3350	309,000	1.0	309,000	
Albany	N.Y.	3360	311,000	1.0	311,000	
Albany	N.Y.	3370	313,000	1.0	313,000	
Albany	N.Y.	3380	315,000	1.0	315,000	
Albany	N.Y.	3390	317,000	1.0	317,000	
Albany	N.Y.	3400	319,000	1.0	319,000	
Albany	N.Y.	3410	321,000	1.0	321,000	
Albany	N.Y.	3420	323,000	1.0	323,000	
Albany	N.Y.	3430	325,000	1.0	325,000	
Albany	N.Y.	3440	327,000	1.0	327,000	
Albany	N.Y.	3450	329,000	1.0	329,000	
Albany	N.Y.	3460	331,000	1.0	331,000	
Albany	N.Y.	3470	333,000	1.0	333,000	
Albany	N.Y.	3480	335,000	1.0	335,000	
Albany	N.Y.	3490	337,000	1.0	337,000	
Albany	N.Y.	3500	339,000	1.0	339,000	
Albany	N.Y.	3510	341,000	1.0	341,000	
Albany	N.Y.	3520	343,000	1.0	343,000	
Albany	N.Y.	3530	345,000	1.0	345,000	
Albany	N.Y.	3540	347,000	1.0	347,000	
Albany	N.Y.	3550	349,000	1.0	349,000	
Albany	N.Y.	3560	351,000	1.0	351,000	
Albany	N.Y.	3570	353,000	1.0	353,000	
Albany	N.Y.	3580	355,000	1.0	355,000	
Albany	N.Y.	3590	357,000	1.0	357,000	
Albany	N.Y.	3600	359,000	1.0	359,000	
Albany	N.Y.	3610	361,000	1.0	361,000	
Albany	N.Y.	3620	363,000	1.0	363,000	
Albany	N.Y.	3630	365,000	1.0	365,000	
Albany	N.Y.	3640	367,000	1.0	367,000	
Albany	N.Y.	3650	369,000	1.0	369,000	
Albany	N.Y.	3660	371,000	1.0	371,000	
Albany	N.Y.	3670	373,000	1.0	373,000	
Albany	N.Y.	3680	375,000	1.0	375,000	
Albany	N.Y.	3690	377,000	1.0	377,000	
Albany	N.Y.	3700	379,000	1.0	379,000	
Albany	N.Y.	3710	381,000	1.0	381,000	
Albany	N.Y.	3720	383,000	1.0	383,000	
Albany	N.Y.	3730	385,000	1.0	385,000	
Albany	N.Y.	3740	387,000	1.0	387,000	
Albany	N.Y.	3750	389,000	1.0	389,000	
Albany	N.Y.	3760	391,000	1.0	391,000	
Albany	N.Y.	3770	393,000	1.0	393,000	
Albany	N.Y.	3780	395,000	1.0	395,000	
Albany	N.Y.	3790	397,000	1.0	397,000	
Albany	N.Y.	3800	399,000	1.0	399,000	
Albany	N.Y.	3810	401,000	1.0	401,000	
Albany	N.Y.	3820	403,000	1.0	403,000	
Albany	N.Y.	3830	405,000	1.0	405,000	
Albany	N.Y.	3840	407,000	1.0	407,000	
Albany	N.Y.	3850	409,000	1.0	409,000	
Albany	N.Y.	3860	411,000	1.0	411,000	
Albany	N.Y.	3870	413,000	1.0	413,00	

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## ASIA/PACIFIC

## Asian Markets Slide As Gloom Deepens

By Sandra Sugawara  
Washington Post Service

TOKYO — Markets in Asia took a hammering Monday as political upheaval in Russia, financial anxieties in Latin America and pessimism over Japan's handling of its financial crisis contributed to deepening gloom in the region.

The fall in other markets around the world on Friday, coupled with Sunday to replace his entire government, increased the risk that Asia's economic problems could linger for a long time, analysts said.

"The thinking has always been that the Asian recovery would be export-led," said Robert Subbarman, a regional analyst with Lehman Brothers in Tokyo. But "there has been no signs of export values picking up" and now it appears that "the number of regions that will be able to absorb Asian exports is rapidly shrinking."

In Tokyo, the Nikkei index ended 2.03 percent lower, closing at 14,988.36. The sell-off not only reflected concerns about a global slowdown, but also disappointment over the government's handling of the banking crisis, according to Tokyo analysts.

Late Friday evening, Long Term Credit Bank of Japan unveiled a restructuring plan that included a hefty government bailout, dashing hopes among investors that weak banks would be closed down. The

government has also insisted that Long Term Credit Bank is solvent, but has not released information to dispel substantial skepticism about the bank's health among market investors.

"The market is concerned about the lack of disclosure with the way the government is handling the banking problems," said Keiko Kondo, a strategist with Merrill Lynch.

"Investors were disappointed about the government's lack of accountability in injecting capital in Long Term Credit Bank," said Masaki Higashida of Nomura Securities.

Other markets in Asia were hit hard as well. Stock markets in Malaysia, Singapore, Taiwan, Thailand, Indonesia and Philippines all tumbled, with discouraging economic data contributing to the pessimism. Unemployment in Taiwan, which has so far escaped the worst of the Asian economic crisis, rose to 2.93 percent, with officials warning that the numbers could get worse.

In Singapore, stocks fell after Prime Minister Goh Chok Tong said the city-state's economy may be in recession during the next two years. Property stocks led a decline that pulled the benchmark Straits Times index down 1.7 percent.

In Malaysia, the benchmark stock index fell 2.12 percent. "Although at this time last year most of us thought that our troubles would go away, we are no longer as optimistic about a rapid recovery,"



**BRAINSTORMING** — Prime Minister Keizo Obuchi arriving Monday for the first meeting of a panel of 10 business leaders and academics seeking remedies for Japan's economic ills.

Deputy Prime Minister Anwar Ibrahim said Monday in Kuala Lumpur, according to Reuters. Still, Malaysia's prime minister, Mahatir bin Mohamad, reiterated that the country would not go to the

International Monetary Fund for assistance.

Mr. Mahatir has been a long-term critic of the IMF, saying its high-interest-rate prescription has done more harm than good.

## Hong Kong Gives Lift to Hang Seng

Compiled by Our Staff From Dispatches

HONG KONG — Hong Kong stocks shrugged off weak overseas markets on Monday, closing sharply higher on government buying despite new economic data that cast further gloom over the local economy.

Traders said aggressive government buying of Hong Kong blue-chips stocks and futures contracts sent the market soaring, offsetting bearish factors ranging from the weak yen and Russian economic and political turmoil to grim domestic economic data expected this week.

The blue-chip Hang Seng Index gained 317.87 points, or 4.2 percent, to finish the volatile day at 7,845.48.

Although some support the intervention, it has met with widespread criticism from bankers, economists and politicians, who say the move contradicts the government's longstanding nonintervention policy and damages both the market's credibility and public confidence.

Government officials say it is necessary to drive up the market — which plummeted to a five-year low this month — to ward off speculators who have been betting that the market would continue to fall and driving up interest rates.

Mark Simpson, head of Hong Kong and China Research for Nomura International (HK) Ltd., said the intervention had created a false market and that long-term institutional investors were not sure of the real value of the market since the government has started buying shares.

Analysts also warned that as soon as the government stepped back from the market, the index would fall sharply, further damaging investor confidence.

Meanwhile, data showed that retail sales plummeted 16 percent in June from a year ago to 15.9 billion Hong Kong dollars (\$2.05 billion) as a looming recession has dampened consumer spending. Other data released Monday showed a drop in Hong Kong's external trade by land, sea and air in the first half of the year.

(AP, AFP, Reuters)

Investor's Asia				
Exchange	Index	Monday Close	Prev. Close	% Change
Hong Kong Hang Seng		7,845.48	7,527.61	+4.22
Singapore Straits Times		617.21	593.16	+4.0
Sydney All Ordinaries		2,601.80	2,535.00	+2.6
Tokyo Nikkei 225		14,988.36	15,296.20	-2.03
Kuala Lumpur Composite		317.20	324.00	-2.1
Bangkok SET		233.15	238.02	-2.0
Seoul Composite Index		305.15	306.25	-0.3
Taipei Stock Market Index		5,957.75	7,214.27	-17.5
Manila PSE		1,323.11	1,372.90	-3.6
Jakarta Composite Index		370.55	388.95	-4.7
Wellington NZSE-40		1,955.78	2,001.50	-2.3
Bombay Sensitive Index		2,580.44	2,532.81	+1.8

Source: Reuters International Herald Tribune

## Very briefly:

• Joba Fairfax Holdings Ltd.'s chief executive, Bob Muscat, who was recruited from rival publisher News Ltd., only two years ago, has resigned. He is the third chief executive to quit the Australian newspaper group in three years.

• Parco Co., the Japanese shopping center operator, will post an extraordinary loss of 3.96 billion yen (\$27.4 million) in the year ending in February 1999 as the result of dissolving a golf-course development unit.

• Japan's supermarket chain store sales fell 1.4 percent in July from the same period a year earlier.

• Foster's Brewing Group Ltd. of Australia posted a profit of 466.6 million dollars (\$271.8 million) in the year to June, a 78 percent rise from the year before, but will offload two of its China breweries in a bid to halve losses from Asia.

• Rural Press Ltd., an Australian regional and specialist newspaper publisher, bought the Canberra Times from a company associated with the businessman Kerry Stokes for 160 million dollars.

• Standard & Poor's Corp. downgraded the Hong Kong conglomerate Hutchison Whampoa Ltd.'s currency rating due to the economic slump. Both foreign and local currency ratings were downgraded to single-A from single-A plus.

• The State Bank of India, the country's biggest commercial bank, has gathered more than \$3 billion from the sale of its foreign currency bonds to expatriate Indians.

• Mitsubishi Electric Corp. has developed a new 256-megabit flash memory chip jointly with Hitachi Ltd.

• China has approved plans for the framework of its new Bank of China building, which was designed by the architect I.M. Pei.

Reuters, Bloomberg, AFP

## Coca-Cola Maintains Its Fizz in Asian Markets

By Martha M. Hamilton  
Washington Post Service

WASHINGTON — When the economic crisis began spreading across Asia in the summer of 1997, U.S. companies had to scramble to protect investments and market share that had been patiently built up during Asia's boom years.

Some companies had a lot to lose. One of them was Coca-Cola Co., which earns almost 80 percent of its operating income outside the United States and sells a product utterly dependent on the whims of consumer tastes.

But Coca-Cola managers in the region had a playbook in hand. Using lessons learned from the Latin American economic crisis triggered by the collapse of the Mexican peso in 1994, Coke's top people in Asia moved to

shore up sales despite massive currency devaluation, hyperinflation, unemployment and impoverished consumers. They moved quickly, deploying lower-cost returnable packaging, launching smart promotions, giving attention to distribution and continuing investment.

This is the story of how one American company has persevered through the Asia crisis. While Coke expects to take an 8 percent to 9 percent hit this year against its earnings because of currency fluctuations, it has kept volume growing in its largest Asian markets, with sales up 12 percent in the first six months for the Coke region that includes Asia.

"The name of the game in this kind of environment is to keep the business growing and make sure costs are under control so you can

maintain a decent level of profitability," said Emmanuel Goldman, an industry analyst for PaineWebber Inc. "Coke had already practiced for the Asia crisis back in 1994."

As a result, at a time when other U.S. companies that do business in Asia are sustaining damage, Coca-Cola has kept moving forward. What Coke learned from the Mexican peso crisis boils down to a handful of basic lessons: Keep the product affordable, and promote it. Stay close to the consumer, and be flexible enough to revise plans — daily, if necessary. And don't let short-term difficulties deter investment for the future.

In Asia, applying those lessons was complicated by the ways the crisis rippled through nations with widely different economies and populations, each representing a dif-

ferent set of challenges.

"We don't have any magic formula, but there are some things that happened within our company in those two years that allowed us to weather the storm pretty well," said Jose Octavio Reyes, Coke's division president for Mexico, reflecting on the experiences of 1995-96 that he has shared with colleagues in Asia. One of the main initiatives used in Mexico and repeated in Asia was the shift away from nonreturnable packaging to reusable cans and bottles to keep the price of Coke and other products within consumers' reach.

In South Korea, where Coke had planned to acquire the nation's bottling companies before the crisis began, that strategy paid off by allowing the company to make a faster switch to returnable packaging, effectively halving Coke's price, said Jim Harting, president of Coca-Cola Korea and a region manager.

Mr. Harting said unit sales in Korea would probably be about the same this year as last. But that's not bad, he added, considering that sales of many other consumer goods have fallen by 30 percent to 60 percent.

The company also has reaped benefits from continuing to invest in Korea. For instance, by agreeing at the beginning of the year to a full year of media buys on television stations when other advertisers were backing out, Coke was able to negotiate about a 30 percent discount, he said.

In Indonesia, where inflation in the past nine months has been about 55 percent to 60 percent, Coke has been able to avoid raising prices by shifting more production to returnable cans and bottles. Nine months ago these containers represented about 65 percent of the business. Today they are about 85 percent, said John Murphy, vice president of the South Pacific division and managing director of Coca-Cola Indonesia. Even so, sales are likely to be off 17 percent to 18 percent, he said.

## RUBLE: Russia's Top Bankers and Tycoons Fight Back

Continued from Page 9

are trying to protect their own little pecuniary interests."

In fact, their interests are not small. Central bank officials have warned that several banks are on the verge of failing, perhaps as soon as this week. The Russian banks owe Western lenders several billion dollars that must be repaid in dollars in coming months, but the banks' ruble assets are devalued and they cannot make the payments. The government has imposed a 90-day moratorium on paying back the loans.

A few banks are in even more serious trouble. Sergei Dubinin, the central bank chief, acknowledged in an interview broadcast on Russian television Sunday night that they need "extraordinary help." In return, he said, the government would take ownership of the banks. He called such a deal "velvet nationalization of part of the bank-

ing system." Last week, at the time of the devaluation, the government said it would support an effort by 12 of the largest banks to create a special pool to receive credits from the central bank.

As of Friday, the pool appeared to have collapsed, according to a leading banker, but the financial tycoons still need money.

Mr. Chernomyrdin could help the troubled banks survive by pumping government credits into them. One reason for the abruptness of Mr. Yeltsin's decision — and the tycoons' anxiety — might have been that Mr. Kiriyenko was reluctant to bail out the banks and was prepared to let some fail. "Everything that Kiriyenko has been doing lately disagrees with the oligarchs," said Olga Kryzhanovskaya, a specialist on the Russian elites. "He did not have a tough control over the situation."

"Panic started spreading among the population," she said. "People went to banks to take out their deposits."

It was during Mr. Chernomyrdin's five and a half years as Mr. Yeltsin's prime minister that the oligarchy came into its own, grabbing factories, mines, airlines and oil refineries of the former Soviet Union for a song. The tycoons bankrolled Mr. Yeltsin's 1996 re-election campaign, and ever since they have struggled to steer economic policy in their favor. The oligarchy is not united. Some have been close to Anatoli Chubais, the economic reformer.

But a second camp has championed Mr. Chernomyrdin, including Mr. Berzovsky and Ram Vykhirev, head of the natural gas monopoly Gazprom, which Mr. Chernomyrdin once headed. Mr. Kiriyenko collided with Gazprom over its unsettled taxes.

## LAWYERS: Texas Objects to Do-It-Yourself Guides

Continued from Page 9

publishers, like E-Z Legal Forms Inc., which are awaiting the fate of Nolo, a relatively small company with sales of \$9.5 million a year.

Despite its size, though, Nolo has remained true to its Latin name — which means "I do not choose to" — by becoming the legal scrapper in the dispute. The investigating committee demanded general information about the company's products, in particular its \$49.95 Living Trust Maker guidebook and software, which allows users to create living trusts without paying a lawyer's fee.

That demand, couched in lawyerly language, was tantamount to inviting free-speech protesters to man the barricades at Sproul Plaza at the University of California at Berkeley.

After all, Nolo was created by two former legal aid lawyers, one of whom dreamed of establishing a machine, operated by credit cards, that spewed out do-it-yourself forms for any legal emergency. It is a company so egalitarian that the list of all staff salaries is posted on the office bulletin board and employees are permitted to bring

pets to work as long as they do not have fleas.

"We're just not going to knuckle under," Mr. Warner vowed from his vacation retreat in the south of France. "People have the right to legal information."

A Princeton graduate and a legal aid lawyer in the 1960s, Mr. Warner, 57, and a partner, Charles Sherman, started the company in 1971 in a Berkeley attic after the two failed to persuade any New York editors to publish their typewritten manuscript "How to Do Your Own Divorce in California."

Their early books — which were more like pamphlets — were essentially inspired by the questions of people who were turned away from the legal aid offices and had incomes too high to qualify for help and too low to afford a private lawyer, Mr. Warner said.

Eventually, Nolo expanded its list of offerings to do-it-yourself guidebooks on tenant rights, bankruptcy, patents, wills and adoptions.

Unlike traditional trade publishers, the company hired in-house lawyers who not only ed-

ited the legal books but also could write their own guides and update them in plain, concise English.

The company's distributors initially faced reluctance from booksellers in stock the books because of fears that the material could present legal problems even though do-it-yourself legal publishing, which flourished in the 18th and 19th centuries in America, has a long history.

In the late 1980s, Nolo started offering a guidebook with software called "Willmaker" that suddenly shifted the company into a new stratosphere, doubling its revenue and allowing the company to increase its staff in its current size of 80 people. The \$39.95 Willmaker software, which remains the company's top-selling product with more than 570,000 copies in print, is Nolo's dominant revenue producer.

The software seems to pose the greatest threat to lawyers, said Stephen Elias, the associate publisher at Nolo and a former legal aid lawyer, who noted that it was much easier and more efficient to prepare a basic will with software than with a handbook.

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GO: 0.5720 FDF: 0.3476

ALLEMAGNE (hors TVA) en DM - TVA 16%

GO: 0.91 SCSP: 1.28

MAX: 1.01 SCSP: 1.35

BELGIQUE en FRF - TVA 21%

GO: 20.08 FDF: 8.72

SCSP: 21.90 SCSP: 25.92

HOLLANDE (hors TVA) en FL - TVA 17.5%



**NASDAQ**

**Monday's 4 P.M.**

The 1,000 most traded National Market securities  
in terms of dollar value, updated twice a year.  
*The Associated Press.*

[illegible]**NYSE**

**Monday's 4 P.M. Close**  
(Continued)

[illegible]



**August 24, 1998**

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WORLD ROUNDUP

Australian Olympic Chief Urges Harsher Drug Sanctions



Vijay Singh celebrating after his decisive eagle putt landed.

Singh Wins Again

**GOLF** Vijay Singh made an eagle 3 on the 17th hole to ensure that he won the Sprint International in Castle Rock, Colorado. It was his second title in as many weeks. Singh, 35, shared the first-round lead with Jim Carter and was the outright leader after the second and third rounds. Singh, who won the PGA championship the previous Sunday, began the final day with 33 points and a narrow 1-point lead under the modified Stableford scoring system used in this event. He never relinquished that advantage. The native of Fiji birdied five holes on his front nine, increasing his point total to 43 for a 7-point lead over Willie Wood at the turn. By the 17th, his lead had shrunk to one-point over both Wood and defending champion Phil Mickelson, but Singh scored the 492-yard, par-5 hole to score five points. (AP)

Corretja Stops Agassi

**TENNIS** Alex Corretja survived a second-set knockout and fought back to knock out Andre Agassi, 2-6, 6-2, 6-3, in the final of the RCA Championships tournament. The victory Sunday lifted Corretja four places to seventh when the latest world rankings were made public Monday. After facing a near-perfect performance from Agassi in the first set, Corretja hit the deck in the sixth game of the second set when a return struck the Spaniard hard on the right shoulder. Agassi vaulted the net and helped his opponent to his feet. But after Corretja dusted himself off, the momentum seemed to turn in his favor. "It's not a good situation for either player," said Agassi. "But I'd rather be on my end than his. I just let him get into the match in the second set. I stopped being as aggressive as I should have been," Agassi continued. He still had a chance to regain the upper hand in the third set, but he failed to convert four break points in the third game. The Spaniard then scored the crucial service break in the eighth game. (Reuters)

**Poland Backs Winter Bid**  
**OLYMPICS** Poland's government is prepared to give financial support to a bid from Zakopane, a Polish mountain resort, to host the 2006 Winter Olympics. Deputy Finance Minister Jerzy Miller said Monday that the government was prepared to spend millions of dollars for the bid. Miller said holding the Olympics in Zakopane would cost \$850 million, and the International Olympic Committee would put up \$415 million. The International Olympic Committee will choose the host of the 2006 Winter Games in June 1999. Zakopane, considered an early front-runner. (AP)

**SYDNEY** — The Australian Olympic Committee urged the Australian government Monday to imprison athletes caught using anabolic steroids. John Coates, the AOC president, said "hard" drugs in sports should be treated as narcotics. The AOC has also asked for potential Olympians to sign a letter promising to repay all financial grants from the AOC if they test positive for use of banned drugs. "If we are to ensure that the 2000 Olympic Games are not to be remembered as the 'Drug Games,' immediate action is required," Coates said, referring to the Summer Games that are to be held in Sydney. Coates said the penalties for possession, manufacture and trafficking of the three hard-drug classes — anabolic androgenic steroids, Beta 2 agonists (other than asthma medications) and peptide and glycoprotein hormones and analogues — should be the same as for heroin and cocaine. Coates said the nonmedicinal use of anabolic steroids in Australia was greater than that of heroin and cocaine. He said that in a survey of children ages 11

to 17 in the most populous state, New South Wales, about 4 percent said they were using anabolic steroids. "Criminal laws must be more stringent to deter those who would otherwise engage in illegal dealing in drugs and to appropriately punish those who are so engaged," he said. The current ceiling for fines for importation of sports drugs in Australia is about \$30,000, while the maximum term for narcotics is life. A Chinese swimmer, Yuan Yuan, attempted to illegally import enough growth hormones to supply 20 athletes before the world championships this year, but she was not fined and was allowed into the country. Under the AOC plan, Yuan would have faced a maximum penalty of 25 years in prison. (AP, AP)

Italian Olympic Chief Doubts Use in Soccer

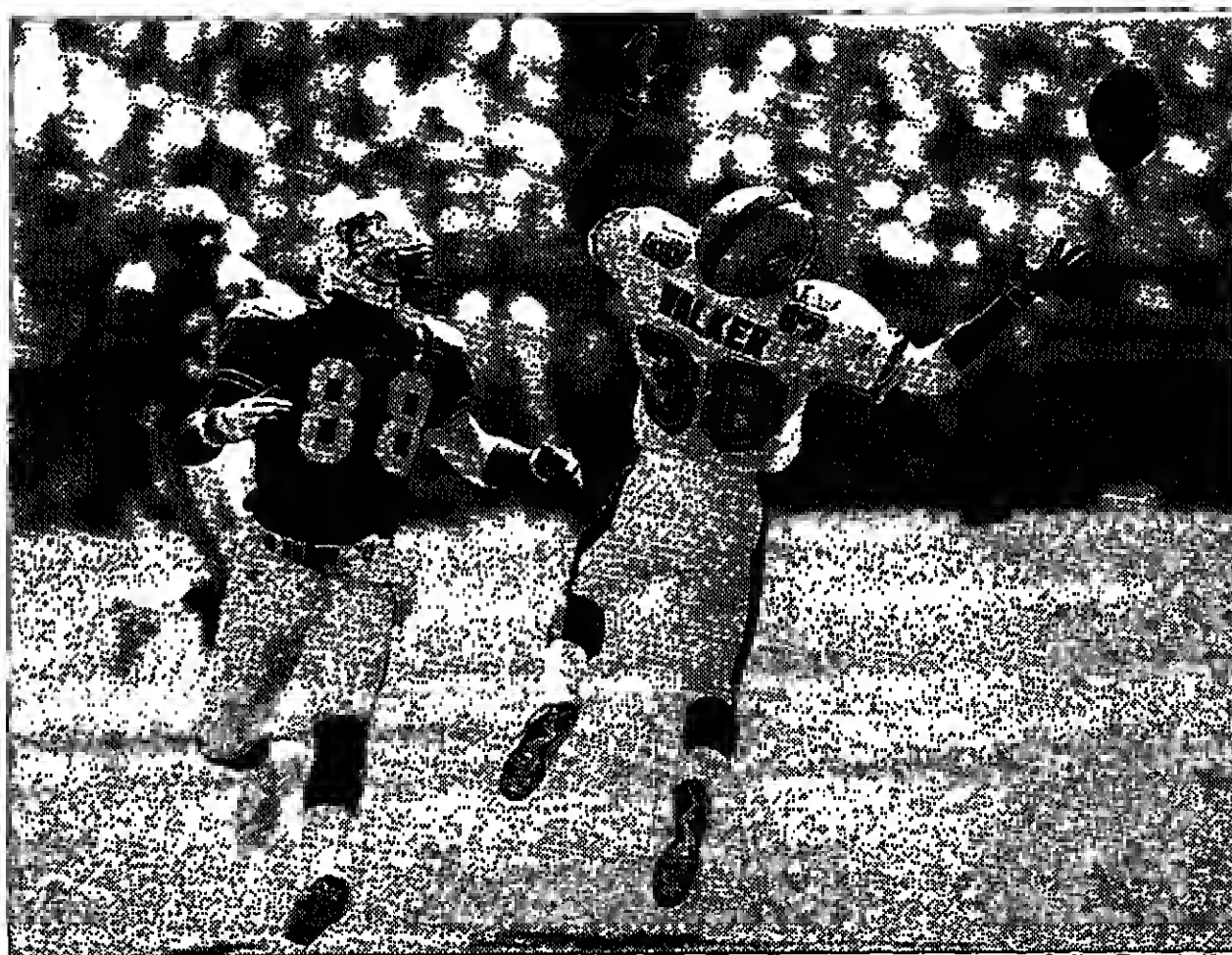
The president of the Italian Olympic committee said Monday that he believes there is no use of performance-enhancing substances among Italy's top soccer players. The Associated Press reported from Rome.

"I'm sure the word 'doping' doesn't exist in soccer," Mario Pescante said after a two-hour meeting with the prosecutor for the city of Turin, Raffaele Guariniello. Guariniello is looking into allegations that top players in Italy's first-division soccer league took illegal substances. Pescante also dismissed allegations that Italian Olympic committee officials hid evidence that would prove the use of banned substances by players. In an interview with the Corriere della Sera newspaper on Saturday, a committee official, Sandro Donati, said that the banned drug EPO, or erythropoietin, was widely used in soccer. EPO, which increases oxygen absorption in the bloodstream, is the substance that several cyclists in the Tour de France last month are alleged to have taken. Donati also complained that a single group, the federation of sports doctors, oversees all aspects of Italian soccer's doping controls, a system that "seems to have been set up with the intent of hindering transparency." "This is fantasy," Pescante said Monday. "The transparency of tests has never been questioned before." In an interview with the Journal du

Dinanche in France, Donati insisted that the Bologna prosecutor Giovanni Spinosa, who also is looking into the allegations, has a "very important dossier with convincing elements" to prove the use of EPO and even stronger substances. The Italian Olympic committee's anti-doping commission also is conducting an inquiry. All the investigations stem from comments by the Roma soccer coach, Zdenek Zeman, who said he was amazed by the quick muscular development of some players, including Gianluca Vialli and Alessandro Del Piero. Vialli and Del Piero both have denied wrongdoing and are suing Zeman.

East German Coach Admits Giving Drugs

A former coach of the East German women's swimming team admitted in court Monday that he had secretly given his athletes banned performance-enhancing drugs. The Associated Press reported from Berlin. Rolf Glaeser, 58, who has worked as a coach in Austria since 1990, apologized to his former swimmers, including the 1980 Olympic medalist Christiane Sommer, who won the medal under her maiden name, Knacke. Sommer testified against Glaeser during the trial. She said after his confession that she suspected he sought to reduce his sentence. Following the confession, Glaeser's case was separated from that of his co-defendants, who are charged with causing bodily harm by administering steroids to minors. The charge carries a maximum of three years in prison, but other coaches and sports doctors similarly charged received only fines last week after confessing in a separate trial. Glaeser coached the Dynamo Berlin team from 1971 to 1984. He told the court he first got the pills in 1974, a co-defendant, Dr. Dieter Binas, who told him they helped muscle regeneration. He insisted that he did not know about possible dangers and said he never linked the side-effects he saw, such as acne or weight gain, to the drugs. Last month, Binas admitted helping East Germany's systematic doping.



The 49ers' Darnell Walker (38) trying and failing to intercept a pass intended for Miami's Charles Jordan.

Rookie Back Leads Miami to Victory

**THE ASSOCIATED PRESS**  
**SAN FRANCISCO** — Rookie John Avery ran for two touchdowns in his Miami Dolphins debut, a 21-20 victory in San Francisco. Avery, the Dolphins' first-round pick out of Mississippi, missed the first two exhibitions with a hamstring strain, but showed no ill effects from the injury in an impressive debut. He rushed for 99 yards on 13 carries, including touchdowns runs of 2 and 71 yards in the second half. Miami remained unbeaten in three preseason games. A botched extra-point by San Francisco (2-2) was the difference. Dan Marino, the Miami quarterback, was 12-of-23 for 158 yards and a touchdown in a little over a half of play. Miami's backup quarterbacks Craig Erickson and Damon Huard combined to complete just one pass in four throws. "I'm still a little troubled with our backup quarterback situation," said Jimmy Johnson, the Miami coach. "I wasn't too happy with what I saw out there." Meanwhile, 49ers coach Steve Mariucci was pretty happy with what he

saw from Steve Young and Terrell Owens. They teamed for three touchdowns. "It was a good test for us and I was pleased to get out from 20-7," Mariucci said. "I thought Steve Young was sharp and Terrell Owens certainly had a good day." His backup quarterbacks struggled. Jim Druckenmiller threw an interception.

**NFL PRESEASON**  
Coslet used Saturday night's game as an audition for the backup role. Once O'Donnell left the game, Paul Justin and Jeff Blake alternated series. Justin was 2-of-5 for 31 yards with one interception, while Blake was 2-of-3 for 51 yards. Both were working with backup players. Blake led the starting job after the 11th game last season. Boomer Esiason took over and led the Bengals to four victories in the last five games, then headed for the broadcast booth. "I'll take what I can get," Blake said. "When I have an opportunity, that's when I go out and do the best I can. It's Bruce's team and Bruce is going to make the call."

The Bengals beat Detroit, 33-19. In his last two games, O'Donnell is 20-of-23 without an interception. "That's a tremendous percentage of completions," Coslet said. O'Donnell, a former quarterback with Pittsburgh and the New York Jets, signed as a free agent with the Bengals on July 7. Coslet used Saturday night's game as an audition for the backup role. Once O'Donnell left the game, Paul Justin and Jeff Blake alternated series. Justin was 2-of-5 for 31 yards with one interception, while Blake was 2-of-3 for 51 yards. Both were working with backup players. Blake led the starting job after the 11th game last season. Boomer Esiason took over and led the Bengals to four victories in the last five games, then headed for the broadcast booth. "I'll take what I can get," Blake said. "When I have an opportunity, that's when I go out and do the best I can. It's Bruce's team and Bruce is going to make the call."

Top European Clubs Meet Again on League

**LONDON** — Media Partners, a Milan-based company promoting a breakaway European soccer league, discussed the proposals Monday with leading European clubs in London. Media Partners released a brief statement confirming it had held "a pro-

ductive meeting with a number of Europe's leading football clubs." The well-attended meeting discussed further the proposals to develop the European Football League," the statement said. No other details were provided. The Sun, a British tabloid newspaper, reported Monday that the president of Media Partners, Rodolfo Hecht, was meeting with officials from Manchester United and Arsenal. The Sun said Hecht would outline his overall vision for the league for the first time and give a five-point pledge, including guarantees that qualification would be based on performance. Hecht, a 43-year-old Italian businessman, said the "project was progressing well." "We are having intensive talks with the leaders of European football, all the top clubs and especially the national leagues," he was quoted as saying. Media Partners met with the governing body of European soccer, UEFA, on Friday. Hecht said his company did not want to erode UEFA's role as governing body of European soccer, saying he wanted to work with UEFA to develop the league. But UEFA could seek to head off the threat of a breakaway league at a meeting in Monaco on Saturday, where changes to the format of the three major European club championships will be discussed. A spokesman for UEFA said Sunday that it did not plan to work with Media Partners on the league. GERMAN TV BERTI Vogts, the German national coach, included eight players in his squad for friendly games next week against Malta and Romania. The Bayern Munich players are the defenders Mustafa Dogan and Marko Rehmer, the midfielders Michael Ballack, Stefan Beinlich, Christian Nerlinger and Marco Reich and the strikers Oliver Nivenille and Paulo Rink. Vogts also recalled the Bayern Munich midfielder Stefan Effenberg, who has not represented his country since he made an obscene gesture to fans during the 1994 World Cup in the United States.

Only 10 members of the 24-strong squad were members of the German team in the World Cup in France. The striker Juergen Klinsmann and the defenders Thomas Helmer, Juergen Kohler and Olaf Thon have all retired from international soccer. The goalkeeper Andreas Kopke, the defenders Lothar Matthaus and Steffen Renter and the midfielders Steffen Freund, Thomas Hassler, Andreas Moller and Christian Ziege were all dropped. SWEDEN'S Ole Gunnar Solskjaer, a Norwegian striker, is staying at Manchester United, the manager Alex Ferguson said Monday. Tottenham Hotspur, another English Premier League club, had said that Manchester United had accepted a £5.5 million (\$9 million) offer for Solskjaer after United acquired the striker Dwight Yorke from Aston Villa for £12.6 million.

Spain's Celta Vigo completed the signing of the Bulgarian international Lubomir Penev from Compostela for 350 million pesetas (\$2.3 million), club officials said Monday. The striker scored 16 goals last season as Compostela were relegated from the first division. Celta will be Penev's fourth Spanish club. The Bulgarian has also played for Atletico Madrid and Valencia since arriving in Spain in 1989. BRAZIL'S Romario, making his comeback after a 10-day absence caused by yet another pulled hamstring, scored for Flamengo but then missed a penalty as Brazil's most popular club suffered a humiliating 3-1 defeat at home to Juventude in the Brazilian championship. Romario opened the scoring in the 11th minute but, after Juventude had equalized, he missed from the penalty spot. Juventude then scored two more goals. Romario has been nagged by injuries since June, when he was dropped from Brazil's World Cup squad 10 days before the start of the competition and had played only a handful of games since. Carlos Gamarra, a Paraguayan defender, scored his first goal for Corinthians to give the team a 1-1 draw against Internacional and keep it in first place, ahead of Santos on goal difference. Corinthians, trained by Vanderlei Luxemburgo, the new Brazilian national team coach, kept its unbeaten record in the competition in which the 24 teams play each other once on the top eight qualify for the quarterfinals. (Reuters, AP)

CROSSWORD

ACROSS  
1 Web surfer's need  
6 Gulf war foe  
10 Moola  
14 Levi's "Christ" Stopped at  
15 In (undisturbed)  
18 Ins's place  
17 "Eat hearty!"  
19 Play opener  
20 Puppies plants  
26 Clotheshorses  
28 Bit  
29 Booby trap  
30 Marsh conditions  
22 "Acid"  
23 Antivampire aid  
24 The "of Wakefield"  
25 Change from a krona  
26 Ill (doomed)  
28 Wicket wad  
31 Beauty of "Deliverance"  
32 Nonsense talk  
33 Rizzuto or Reese  
34 Macho types  
35 Like most Turks  
36 "The check is in the mail."  
37 Backer of Columbus  
38 Long sandwich  
39 Gingham tie, with "The" Painter  
40 Brandt van  
41 Capt. Jean Picard  
42 Key above G  
43 Heat-resistant glass  
44 "My Fair Lady" director George  
45 Snotch  
46 A few  
47 Zenth  
48 Gualdiquar et al.  
49 Take advantage  
50 Parker or Waterman  
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3 Sopotnik Camell Fokker dashes  
4 Lamb's "Essays of" Why? Because  
5 Old-time trouper  
6 "Why? Because" role  
7 "Little Caesar" role  
8 Envelope abbr.  
9 Witty remark  
10 Neighbor of Sumatra  
11 Title role for Madonna  
12 Shunned one  
13 Café au lait  
21 Ows

Solution to Puzzle of Aug. 24

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MAJOR LEAGUE STANDINGS			NFL PRESEASON				
AMERICAN LEAGUE			SUNDAY RESULTS				
EAST DIVISION			MIAMI 21, SAN FRANCISCO 20				
New York	W	68	GOLF				
Boston	54	62	REPORT INTERNATIONAL				
Baltimore	52	59	Leading golf scores Sunday of the 22nd Annual Sprint International on the 7,558-yard 72-hole Pine Bluff Club course, using the modified Stableford scoring system:				
Toronto	66	61	Vijay Singh, Fiji	15-12-6-14-7			
Tampa Bay	66	58	Phil Mickelson, U.S.	9-8-15-9-2-1			
	67	58	Steve Flesch, U.S.	6-5-14-18-10			
	67	58	Tiger Woods, U.S.	14-9-14-7-10			
	67	58	Rocco Mediate, U.S.	7-9-14-7-2			
	67	58	Bob Tump, U.S.	4-9-7-16-3			
	67	58	Sam Patten, U.S.	3-9-11-3-8			
	67	58	Steve Flesch, U.S.	12-11-5-8-3			
CENTRAL DIVISION			SOCCER				
Cleveland	71	59	PREMIER LEAGUE				
Kansas City	59	71	LATE SUNDAY RESULTS				
Minnesota	57	72	SOUTHAMPTON 1, BURNLEY 0				
Chicago	56	72	STADIUM: 7,000				
Detroit	50	79	STADIUM: 7,000				
	50	79	STADIUM: 7,000				
WEST DIVISION							
Los Angeles	61	60					
San Francisco	61	60					
Seattle	61	60					
Oakland	61	60					
	61	60					
NATIONAL LEAGUE							
EAST DIVISION							
Atlanta	W	68					
New York	54	62					
Philadelphia	64	62					
Montreal	51	60					
Florida	65	64					
	65	64					
CENTRAL DIVISION							
Houston	61	60					
San Francisco	61	60					
Seattle	61	60					
Oakland	61	60					
	61	60					
WEST DIVISION							
Los Angeles	61	60					
San Francisco	61	60					
Seattle	61	60					
Oakland	61	60					
	61	60					



## SPORTS

# Griffey Hits 43d Homer As Mariners Beat Chicago

**The Associated Press**  
Ken Griffey hit his 43d home run of the season, but only his second in August, as the Seattle Mariners won, 3-2, in Chicago.

Griffey began August with 41, behind Mark McGwire at 45 and Sammy Sosa at 42. Now, McGwire and Sosa are both past 50.

Griffey's two-run shot at the Kingdome was only his second homer in 89

## AL ROUNDUP

at-bats. Nevertheless, he has hit five more home runs than Albert Belle and Rafael Palmeiro, who are tied for second in the American League.

Griffey's first homer since Aug. 15 tied the game at 2-2 in the fourth inning, and Shane Bieber put the Mariners ahead of the White Sox with a solo shot in the fifth.

**Rangers 12, Yankees 10** Rusty Greer homered and knocked in four runs as Texas outslugged visiting New York and slowed the Yankees' chase of history.

The Yankees (94-33) are trying to become the first team to win 100 games before September. With 35 games left, they are also on track to break the major league record of 116 victories in a season set by the 1906 Chicago Cubs.

**Red Sox 5, Twins 1** Pedro Martinez pitched shutout ball for six innings and Boston backed him with 15 hits in Minneapolis.

Martinez (17-4) twisted his knee in the sixth inning. He stayed in the game, and later hit Matt Lawton in the knee with a pitch right after Lawton stepped away from the plate during a windup.

The benches and bullpens emptied without any fighting. The next batter, Todd Walker, hit into a force play and Lawton was called for interference when he slid wide into the shortstop, Nomar Garciaparra.

Martinez, who gave up four hits, was pulled by Jimmy Williams after the sixth. Darren Bragg tied a career high with four hits as the Red Sox increased their wild-card lead to eight games over Baltimore.

Paul Molitor singled twice for the Twins and reached 3,283 career hits, tying Willie Mays for ninth place on the career list.

**Indians 4, Orioles 1** Dwight Gooden earned his third straight victory as Cleveland won in Baltimore.

Gooden (6-6) has not lost in five starts since July 26. He gave up an unearned run and four hits in 6 2/3 innings.

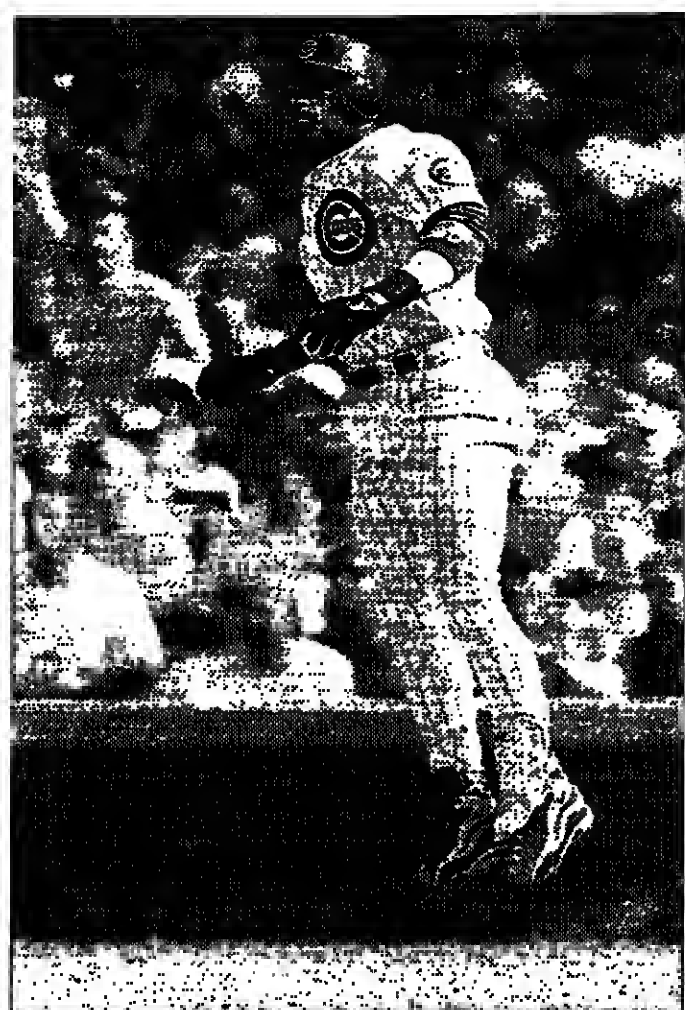
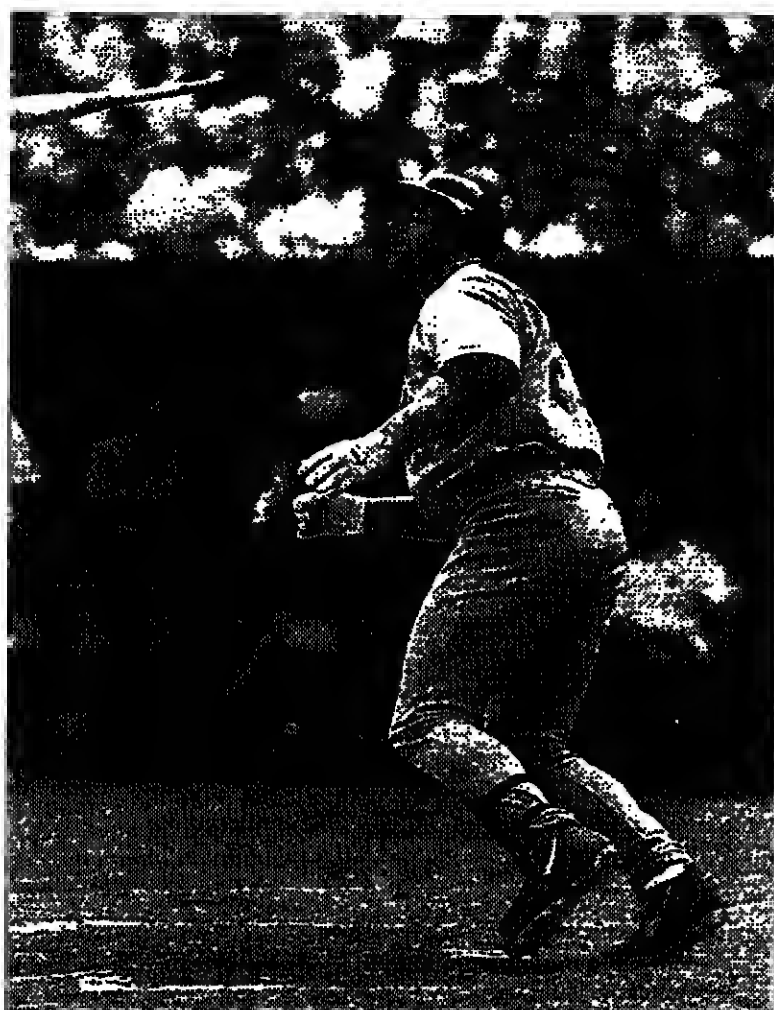
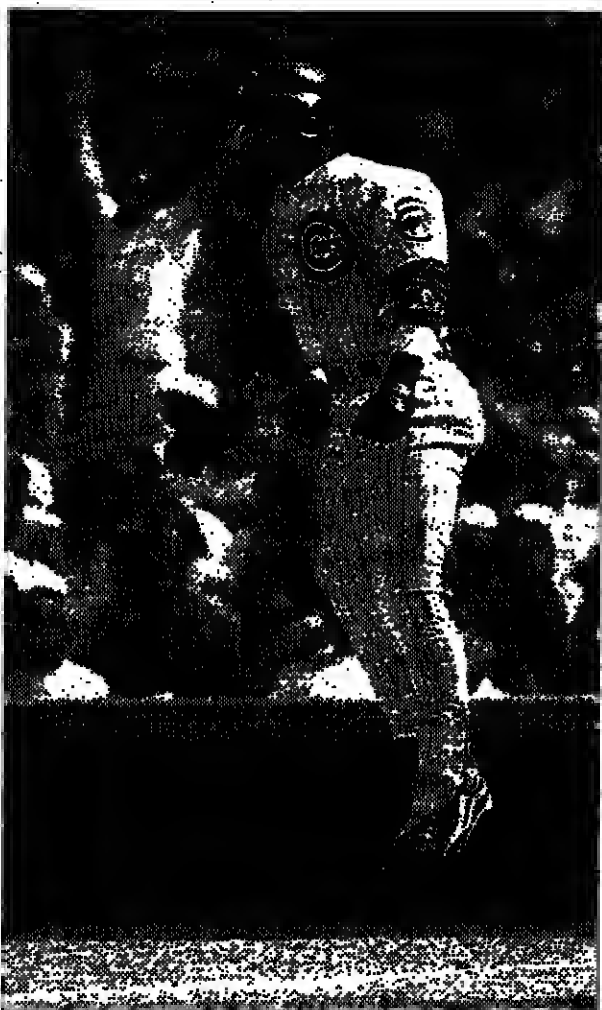
**Angels 3, Blue Jays 2** Randy Velarde hit a two-run triple in the seventh inning, and Anaheim finished a 5-2 home stand.

Toronto led, 2-1, when reliever Carlos Almanzar was summoned in the seventh inning. The bullpen game would not open and, after a few minutes, he climbed over the fence onto the field.

A throwing error by first baseman Carlos Delgado set up Velarde's triple.

**Tigers 3, Athletics 4** Seth Greisinger overcame a pair of home runs by Jason Giambi as Detroit avoided a four-game sweep at Oakland.

**Royals 11, Devil Rays 5** Sal Fasano went 4-for-4 with a home run in St. Petersburg, Florida, as Kansas City matched a season high with its fourth straight victory.



**GONE, GONE, GONE** — The Cubs' Sammy Sosa, left, watching his 50th home run of the season sail out of Wrigley Field in the fifth inning of a 13-3 loss to the Astros. Mark McGwire, center, hit his 53d of the season in the eighth inning as his Cardinals lost to the Pirates. Sosa jumped again after getting his 51st home run in the eighth inning.

## McGwire Hits 53d Homer, and Sosa Cracks 2 to Reach 51

By John Mehno  
Washington Post Service

**PITTSBURGH** — Mark McGwire's pursuit of the single-season home run record remained in high gear, but so did Sammy Sosa's.

Minutes after Sosa launched his 50th homer of the season in the fifth inning of his Cubs' 13-3 loss to the Houston Astros at Wrigley Field in Chicago on Sunday, McGwire blasted his 53d of the season here at Three Rivers Stadium. But Sosa wasn't done; in the eighth inning back in Chicago, he made it two for the day and 51 for the year with another homer off Jose Lima.

"Congratulations to him," McGwire said when told of Sosa's exploits after the Cardinals had lost to the Pirates, 4-3. "That's awesome. That is really cool."

Sosa's homer made this just the second season in which two National League players have hit at least 50 home runs. In 1947, Ralph Kiner of Pittsburgh and Johnny Mize of the New York Giants each hit 51.

Since Wednesday, McGwire and Sosa have combined for 10 homers — six by McGwire — and changed the complexion of the chase for one of the sport's most revered records. McGwire must hit nine homers in his final 32 games to break Roger Maris' mark; Sosa needs 11 in 32 games.

On Monday, however, McGwire was not included in the starting lineup for an afternoon game against the Pirates — a decision Tony La Russa, the St. Louis manager, and McGwire said was reached weeks ago.

"We're in a stretch of a lot of games," La Russa said. "You understand that somebody coming to the park is going to be disappointed, but it's never difficult to do what you think is right."

The Cardinals' loss Sunday meant the 42,134 fans got exactly what they wanted: a Pirates victory and a McGwire home run. They booed when the Pittsburgh starter, Jason Schmidt, walked him twice and demanded a curtain call after McGwire connected on a 2-2 fastball in the eighth inning. Prodded by teammates, McGwire took one step out of the ground-level dugout and waved.

"I didn't want to go out," McGwire said. "It didn't feel right, but a couple of my teammates said to go for it. I hope the Pirates didn't mind. That's why I didn't feel comfortable doing it. I really wish every ballplayer could feel the way I feel now. It's unbelievable, the reception by everybody across America."

In Chicago, where the wind was blowing toward Wrigley Field's fences, Sosa also was called out of the dugout as the fans chanted his name following his first homer of the day, which sailed completely out of the ballpark.

"I enjoyed the first homer myself," Lima said, according to The Associated Press. "I'm not the only one to give up a homer to Sammy Sosa. The second one I said 'up, up' in the air and then I forgot it's Wrigley Field."

But a victory is what Sosa and the Cubs really wanted, as the loss kept them one game behind the New York Mets for the NL wild-card spot. "We are trying to make the playoffs, and Mark's trying to break the record," Sosa said. "I got my money on Mark."

McGwire is just the third NL player to reach 53 home runs and the first since Kiner hit 54 for Pittsburgh in 1949. Also on Sunday, McGwire's 136th walk set a Cardinals' record, surpassing Jack Clark's total in 1987.

With 111 home runs in the past two

years, McGwire also has set a record for a right-handed hitter in consecutive seasons. The previous mark? That was 110 home runs in 1996 and '97 — by one Mark McGwire. Said McGwire with a smile, "Records are made to be broken."

### Cards Don't Object to Drug

The Cardinals released a statement Sunday saying that the team has no objection to McGwire's use of androstenedione, a testosterone-producing pill banned by the National Football League

and NCAA. The Associated Press reported from Pittsburgh. "Due to current research that lacks documentary evidence of any adverse side effects, the Cardinals' medical staff cannot object to Mark's choice to use this legal and over-the-counter supplement," the team said.

## Bonds Savors Record and Eyes Playoffs

The Associated Press

**MIAMI** — Barry Bonds became the first player to have 400 home runs and 400 stolen bases when he hit his 26th homer of the season as the San Francisco Giants beat the Florida Marlins, 10-5.

The milestone was nice, he said, and so was the victory that left San Francisco just three games behind the New York Mets and two behind the Chicago Cubs in the National League wild-card race.

Making the playoffs means everything to Bonds, who has yet to play in a World Series.

"That's probably the only thing that's really left for me," said Bonds, 34. "Everything else is an added notch to an outstanding career for an individual person, but I'd like to win something as a team. I've done enough individual things."

Bonds' latest achievement earned him a bucket of champagne, a bottle of Crown Royal, two cigars, a standing ovation by Marlins fans and a congratulatory note from his former manager, Jim Leyland.

But as Bonds checked out the gifts at his locker, he laughed when asked to compare his accomplishment with the assault on Roger Maris' home-run record by Mark McGwire and Sammy Sosa.

"This is nothing," Bonds said. "I've got nine writers standing here. McGwire had 200 writers when he had 30 home runs."

"What they're going through is huge. You have two players who might break the record in the same year. That's crazy!"

Bonds reached his milestone in the second inning by pulling a knuckleball

### NL ROUNDUP

from Kirt Ojala over the right-field wall. The homer gave Bonds 400 in a 13-year career to go with 438 stolen bases.

The crowd roared as Bonds circled the bases, and when he crossed home plate, he tipped his cap toward Leyland in the Marlins' dugout.

"You really want to reach out and give each other a hug and say, 'Thanks for all you've done in my career, and I'm glad you got to see it,'" Bonds said.

Only three other players hit 300 homers and stole 300 bases — Willie Mays (660 homers, 338 stolen bases), Andre Dawson (436 and 314) and Bonds' father, Bobby (332 and 461).

**Padres 13, Brewers 11** Jim Leyritz's two-run double in the 10th helped San Diego win a wild one at Milwaukee. The teams combined for 33 hits

against 12 pitchers and took 2 hours and three minutes to complete the first four innings.

In the 10th, Steve Finley walked, took third on a single by Vaughn and scored when Leyritz doubled.

**Braves 12, Dodgers 7** In Atlanta, Greg Maddux became the National League's first 17-game winner despite one of the worst starts of his career.

Andres Galaraga hit his 40th homer as the Braves came up with enough runs to give Maddux (17-6) the shakiest of victories. The four-time Cy Young Award winner was pounded for 10 hits and seven earned runs.

**Diamondbacks 4, Mets 3** New York had the bases loaded with no outs in the bottom of the ninth inning against Arizona but could only score one run.

Trailing by two runs, the Mets loaded the bases against Greg Olson on three singles. But Olson struck out Matt Franco, got Carlos Baerga on a run-scoring grounder and retired Tony Phillips on a groundout for his 22d save.

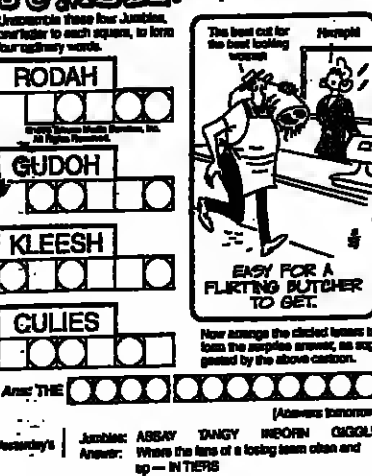
**Reds 10, Expos 0** Sean Casey hit a three-run homer and drove in five runs as Cincinnati won in Montreal.

**Rockies 5, Phillies 2** Mike Lansing hit a three-run homer and John Thomson won his third consecutive decision as Colorado won at Philadelphia.

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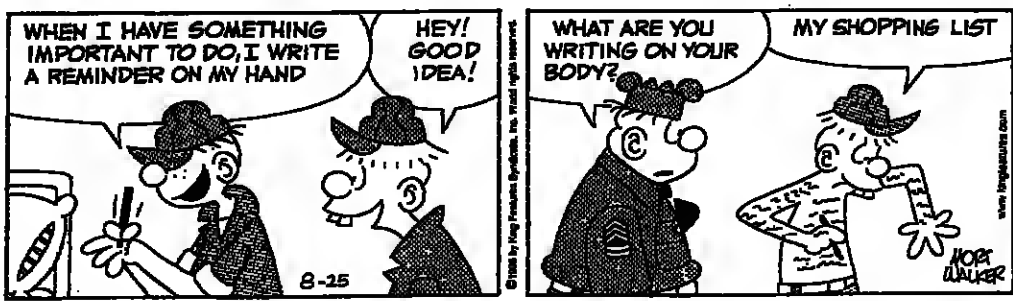
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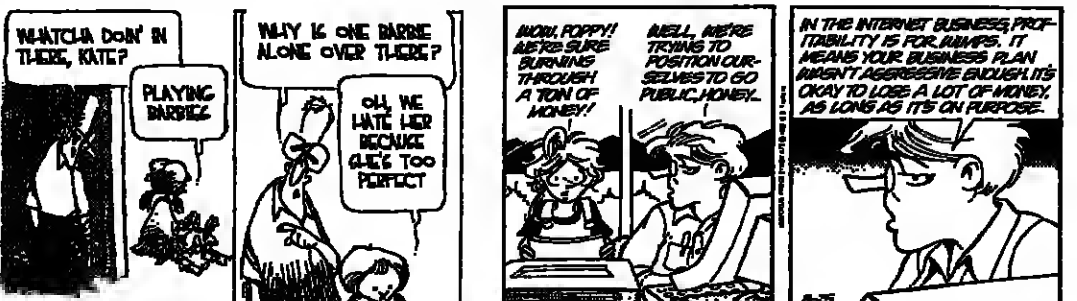
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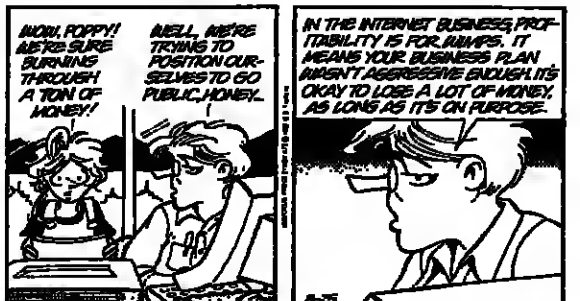
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## ART BUCHWALD

## ...And Whitewater?

**M**ARTHA'S VINEYARD, Massachusetts — Like most Americans, I was disappointed by President Bill Clinton's explanation about Whitewater, an investment he made in Arkansas that went down the river.

We expected him to get on the air and come clean with what has turned into a sordid real estate deal.

For months the president has assured the American people that he had nothing to do with Whitewater. Everyone wanted to believe him because there is something sleazy about a president who is caught up in a real estate development project that was so badly handled that his partners went to jail.

For a while Clinton believed he could brazen it out. His lawyers maintained that constitutionally, a president did not have to answer to a defunct savings and loan while in office.

But the evidence kept piling in. The special prosecutor found a navy blue "For Sale"

sign on the Whitewater yellow brick dirt road and decided to have it examined for DNA evidence.

The press started screaming for the president to come clean on Whitewater. They wanted to know if he had invested money in the project or not.

The White House defended Clinton. They said that the special prosecutor was on a fishing expedition and he was destroying the fabric of the nation. The special prosecutor then called the Secret Service to the grand jury room. Several testified they had seen the president surveying the Whitewater land with Susan McDougal.

There was nothing left for the president to do. He decided to go on television and admit he had put his savings into Whitewater and lost a bundle.

At least that is what we expected him to do. Instead, he ignored Whitewater and talked about making a sexual mistake and how he legally told the truth about it. Not one word about savings and loans. He ignored what we wanted to hear — truth about prime land in Arkansas. And he still wants us to accept his story and get on with it.



Buchwald

## A Little Pie in the Face for Fun

The Associated Press

**B**URBANK, California — Marking the 75th anniversary of the Three Stooges, fans gathered over the weekend to celebrate the art form of tweaked noses, pie-throwing and head-knocking.

"We're trying to keep the Stooges alive," Jean DeRita, the widow of one of the later Stooges, Curly Joe DeRita, said at the convention. "They've made a lot of generations happy, and we are trying to keep them alive for future generations."

The Stooges made about 200 film comedy shorts and appeared in a dozen feature films between 1930 and 1965.

Leo Wolone, a Stooge-ophile from Northridge, took part in a replay of a famous Stooges scene: Madame Pompadour's birthday party, which degenerated into pie-throwing. "I don't mind looking silly," Wolone said, wiping foam from his face.

By Alessandra Stanley  
New York Times Service

**R**OME — "Why shouldn't Mussolini have an empire?" asks Lady Hester Random, an imperious British expatriate played by Maggie Smith in a new Franco Zeffirelli film. "All the best people in Europe have empires."

The British upper class's passion for Italy has been invincible, even at the time of World War II. There were 18,000 Britons living in Florence when the war broke out, and hundreds of them, convinced that their Englishness — and their admiration for Il Duce and Fascism — would shield them forever, stubbornly stayed put as the Tuscan landscape darkened.

"Tea With Mussolini," which is being directed by Zeffirelli this summer in Rome and Florence for release next year, is based on his memories of wartime and the years just before, when he was an illegitimate, motherless young Florentine.

It's a homage to a group of eccentric English ladies who essentially adopted him, and who tried to preserve their own civility and Florence's treasures as war closed in around them. Art-mad, dotty, deluded, these genteel Englishwomen, whom he called the *scorpioni* for their stinging wit, were as much a part of his childhood in the city as Dante, Botticelli and the Duomo.

"The story of these old ladies is something I've been wanting to do all my life," Zeffirelli, 75, said as he bustled around a basement warehouse that had been made up to look like an internment camp in which the women ended up being confined after Italy entered the war.

He first began thinking of building a movie around them in the 1950s, but he didn't really get back to the idea until he wrote about them in his 1986 autobiography. "Even those who lived in Florence forever never learned Italian; they lived in their own world. We would shout 'Guarda gli Inglesi!' as they strolled in town under their parasols."

Judi Dench, now 63, played Juliet in a 1961 production of "Romeo and Juliet" that was Zeffirelli's debut at the Old Vic. And 30 years ago, Smith, 63, and Joan Plowright, 68, alternated in the part of Beatrice in his stage production of "Much Ado About Nothing."



Maggie Smith, left, and Judi Dench in "Tea With Mussolini."

The film, which has five strong parts for older actresses, is also Zeffirelli's homage to some of the great divas he has directed. He is perhaps best known for his 1960s film adaptations of Shakespeare's "The Taming of the Shrew" and "Romeo and Juliet" and, more recently, his lavish opera productions and opera movies, but he began his international career in the English theater.

Judi Dench, now 63, played Juliet in a 1961 production of "Romeo and Juliet" that was Zeffirelli's debut at the Old Vic. And 30 years ago, Smith, 63, and Joan Plowright, 68, alternated in the part of Beatrice in his stage production of "Much Ado About Nothing."

It was while visiting Zeffirelli at his villa in Positano with her husband, Laurence Olivier, in the late 1980s that Plowright first became involved in the movie.

"Maggie and Judy and I kept complaining that there weren't any parts for women over 45," she explained. "Franco popped up and

said I have a movie and all of you can be in it."

Plowright conceded that she and her co-stars had played upper-class English eccentrics before. "I've played a few," she said with a sly smile. "One isn't frightened of it, but one hopes to explore all the possibilities of her."

To spice up the mix in "Tea With Mussolini," Zeffirelli and his fellow screenwriter, the British novelist John Mortimer, invented two American characters: Georgie, a sardonic lesbian archaeologist, played by Lily Tomlin, 58, and Elsa, a rich Jewish art collector and former Ziegfeld girl with a passion for younger men, played by Cher, 52.

Not surprisingly, the American women and the British ones despise each other, but the war — and their struggle to survive it — force them together.

"When I read the script, I loved it. I have never played a character who was spoiled rotten before," said Cher during a break from filming. "Most of my characters have been nice, generous or heroic."

Plowright, who received an Academy Award nomination for her performance in "Enchanted April," a 1991 film set in Italy, said she hoped she could prevent audiences from liking her too much. She plays Mary Wallace, a character based on Mary O'Neill, the British woman who was hired by Zeffirelli's father to teach him English and who instilled in him a love of Shakespeare and the theater.

"I shall come off as a nice, good lady, if I'm not careful," she said. "You need a bit of the Devil to be interesting, don't you?"

While the plot centers on the relationship between the women and their young protégé, the film also examines the cultural clashes between the upper-class Englishwomen and the less classy Americans.

The film's title derives from a scene Zeffirelli borrowed from Violet Trefusis, one of Virginia Woolf's Bloomsbury friends, who often boasted of a tête-à-tête with Il

Duce. In the movie, Lady Hester travels to Rome to take tea with Mussolini, and is reassured by his promises of safety — and Earl Grey. "She is someone who is absolutely convinced she is right," Smith explained. "And is horrifyingly wrong."

Smith, who won an Oscar for her performance in "The Prime of Miss Jean Brodie" (1969), has played passionate wrongheadedness before. This time, she mixes it with some of the mad haughtiness of Oscar Wilde's Lady Bracknell.

British understatement, meanwhile, was on vivid display on a scorching hot day in the basement set in suburban Rome. Temperatures were over 110 degrees Fahrenheit (43 degrees Celsius) outside, and the set, despite industrial-sized fans, was about as cool as an incubator.

The surrounding streets were too narrow to allow the stars' trailers to park nearby, so Smith, Dench and Plowright sat on folding chairs in wigs, wool suits, period garters and stockings and fur wraps waiting for their scenes.

"The ladies are mad as hatters," one production employee confided in a whisper. But if the actresses were upset, they never betrayed it. Alongside a small army of elderly extras, mostly British retirees in Rome who were recruited to play inmates in the internment camp, they waited, fanning themselves with paper plates and doing crossword puzzles.

One scene, in which the ladies hear over the radio that the Americans have declared war on the Axis powers after the bombing of Pearl Harbor, required the actresses to convey shock, exhilaration and severe cold. The three British stars put down their crossword puzzles, delivered their lines flawlessly, then quietly resumed their puzzles.

"We are three eccentrics," Dench explained. "We laugh a lot, and we complain about the heat, and that is what we are likely to remember when all this is done."

## PEOPLE



Douglas Kennedy embracing his bride, Molly Stark, after the ceremony.

**T**HE Kennedy clan was out in force for the happy occasion — the wedding of Douglas Kennedy, the youngest son of Ethel and Robert F. Kennedy, and Molly Stark. Some of the 300 notables in attendance included Senator Edward Kennedy, Representative Joseph Kennedy, Caroline Kennedy, Robert Kennedy Jr. and William Kennedy Smith. The bridegroom is a reporter for Fox News in New York, and the bride is a Vermont native who teaches artistic children in Brooklyn.

The actress Bo Derek says that if it had not been for the death of her husband, John Derek, last month she probably wouldn't have returned to work. Derek, 41, who starred 20 years ago in Blake Edwards' comedy classic "10," makes her first foray into series television as the newly widowed matriarch in NBC's "Wind on Water." "I was never very ambitious, which used to drive John crazy," she says. "Especially after '10,' when I could have done anything. If somebody would just send

money I would never work again. Now the weirdest thing is that I'm going back to work playing a widow when I had no idea I would be one."

More than 400 films from 60 countries will be presented at the Montreal World Film Festival, beginning Thursday with Robert LePage's "No." Other entries include the Israeli director Shimon Dotan's "You Can Thank Me Later," starring Ellen Burstyn, and "Southie," directed by John Shea, as well as a tribute to the Swedish director Ingmar Bergman.

The organizers had hoped to attract more than 15,000 participants, but only a few hundred turned up in the rain for a charity walk along the London streets that the coffin of Diana, Princess of Wales, traveled on Sept. 6 before it was taken to her ancestral home for burial.

Two Tennessee women have returned

home from an around-the-world flight in a single-engine plane — 49 days and 15,000 miles after they took off. "This exceeded my dreams," said Nikki Mitchell. Mitchell and Rhonda Miles

flew across the Atlantic to Moscow, where they joined two female Russian pilots to trace a nonstop trip that three Soviet women made from Moscow to the southeastern tip of Siberia in 1938.

## Babies on the Way? More Spice Girls Rumors

Reuters

**L**ONDON — First they were five. Then Ginger quit and they were four. Now reports that two more Baby Spices are on the way suggest that Girl Power may be on the way out.

The Spice Girls, Britain's big pop phenomenon, were wearing the end of a United States tour on Monday and keeping mum about reports that two of their number are pregnant. But nods and winks back home about babies on the way for Victoria (Posh Spice) Adams and Mel (Scary Spice) Brown cast doubt on the long-term future of the group, which has sold 30 million albums worldwide and topped the charts in more than 40 countries.

"The double pregnancy will give the band a good excuse to call it a day quietly without losing any face," said one music industry insider.

The Spice Girls are just recovering from the departure in June of Gen (Ginger Spice) Halliwell, who was credited with being the driving force behind the band.

Spice Girls publicists on Monday shrugged off speculation that the group's demise was imminent. The band returns to Britain in September to play three more concerts and will then record an album.



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